

**UNITED STATES DEFENSE POLICY ISSUES  
PERTAINING TO THE ASIA-PACIFIC THEATER**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON ARMED SERVICES**  
**UNITED STATES SENATE**  
ONE HUNDRED FOURTEENTH CONGRESS  
FIRST SESSION

APRIL 14, 2015

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## **UNITED STATES DEFENSE POLICY ISSUES PERTAINING TO THE ASIA-PACIFIC THEATER**

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**TUESDAY, APRIL 14, 2015**

U.S. SENATE,  
COMMITTEE ON ARMED SERVICES,  
*Washington, DC.*

The committee met, pursuant to notice, at 9 a.m. in room SD-G50, Dirksen Senate Office Building, Senator John McCain (chairman) presiding.

Committee members present: Senators McCain, Inhofe, Wicker, Fischer, Cotton, Ernst, Tillis, Sullivan, Reed, Manchin, Shaheen, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, and King.

### **OPENING STATEMENT OF SENATOR JOHN MCCAIN, CHAIRMAN**

Chairman MCCAIN. Well, good morning. If we could perhaps begin.

I want to apologize to our witnesses. Getting Senators anywhere before 9:30 a.m. in the morning is an insurmountable task, and I apologize for the early beginning, but we have a briefing at 10:30 a.m. and I wanted to have an opportunity for the witnesses to be heard both personally and on the record on these very important issues pertaining to the Asia-Pacific theater in anticipation of the testimony of our component commanders there.

I would like to thank each of the witnesses for appearing before us. Dr. Graham Allison, who is Director of the Kennedy School of Government's Belfer Center for Science and International Affairs. The Honorable Kurt Campbell, Chairman and CEO of The Asia Group. Dr. Michael Green, Senior Vice President for Asia and Japan Chair at the Center for Strategic and International Studies [CSIS]. Admiral Gary Roughead, the Annenberg Distinguished Visiting Fellow at the Hoover Institution.

In the interest of time this morning, I will save my most important opening remarks for the record and welcome the witnesses and turn to Senator Reed.

[The prepared statement of Chairman McCain follows:]

THE PREPARED OPENING STATEMENT OF U.S. SENATOR JOHN MCCAIN, CHAIRMAN  
TO RECEIVE TESTIMONY ON U.S. DEFENSE POLICY ISSUES PERTAINING TO THE ASIA-  
PACIFIC THEATER.

The Committee meets today to receive testimony on U.S. defense policy issues pertaining to the Asia-Pacific theater. I would like to thank each of our witnesses for appearing before us today:

- Dr. Graham Allison, Director of the Kennedy School of Government's Belfer Center For Science and International Affairs;

- Honorable Kurt Campbell, Chairman and CEO of the Asia Group;
- Dr. Michael Green, Senior Vice President for Asia and Japan Chair at the Center for Strategic and International Studies; and
- Admiral Gary Roughead, Annenberg Distinguished Visiting Fellow at the Hoover Institution

In the past three months, this Committee has received testimony from many of America's most respected statesmen, thinkers, and former military commanders. These leaders have all told us that we are experiencing a nearly unprecedented period of global turmoil, a more diverse and complex array of crises than at any time since the end of World War II.

This does not come as a surprise to the American people. They see it on their television screens every day: Russia's invasion of Ukraine, ISIL's murderous conquest in Syria in Iraq, and Iran's pursuit of nuclear weapons. These crises rightfully demand our attention.

But even as we confront immediate challenges in Europe and the Middle East, the United States cannot afford to neglect the Asia-Pacific region, which Secretary Carter has called "the defining region for our nation's future." Put simply, if the 21st century is to be another "American Century," the United States must remain an Asia-Pacific power.

The so-called "rebalance" policy may be new, but our national interests in the Asia-Pacific are deep and enduring. We seek to extend free trade, free markets, free navigation, and free commons—air, sea, space, and now cyber. We seek to maintain a balance of power that fosters the peaceful expansion of human rights, democracy, rule of law, and the many other values that we share with increasing numbers of Asian citizens. We seek to defend ourselves and our allies by maintaining the capability to prevent, deter, and if necessary, prevail in a conflict.

Achieving these objectives will require sustained American leadership. We must use all elements of our national power, including our economic, diplomatic, moral influence. In particular, I am hopeful that Congress will pass trade promotion authority for the Trans-Pacific Partnership. This vital trade agreement will open new opportunities for trade and level the playing field for American businesses and workers while sending a powerful strategic signal about America's commitment to the Asia-Pacific.

Yet we must remember that our soft power is the shadow cast by our hard power. That is why the United States must continue to sustain a favorable military balance in the region that secures our long-standing political and economic interests, upholds our treaty commitments, and safeguards freedom of navigation and commerce.

Moving forward, the Department will need to merge new concepts of operations with emerging military technology to enable our military to operate in contested environments. From projecting power over long distances, to exploiting the undersea domain, to providing logistics in anti-access zones, to developing new precision guided-munitions, to investing in innovative ways to build the resiliency of our forward-deployed forces, we have a great deal of work to do if we aim to sustain our traditional military advantages in the Asia-Pacific region. None of this will be possible if we continue to live with mindless sequestration and a broken acquisition system.

As we build and posture forces to secure America's interests in the Asia-Pacific, we must remain clear-eyed about the implications of China's rise and its evolving foreign and defense policy. As Director of National Intelligence James Clapper told this Committee back in February, China is engaged in a rapid military modernization deliberately designed to counteract or thwart American military strengths.

I believe China can and should play a constructive role in the Asia-Pacific region. Unfortunately, in recent years, China has behaved less like a "responsible stakeholder," and more like a bully. In the South China Sea, we have seen the latest example of a trend toward more assertive behavior. China's land-reclamation and construction activities on multiple islands across the Spratly chain, and the potential command and control, surveillance, and military capabilities it could bring to bear from these new land features, are a direct challenge to the interests of the United States and the nations of the Asia-Pacific region. Such unilateral efforts to change the status quo through force, intimidation, or coercion threaten the peace and stability that have produced and extended security and prosperity across the Asia-Pacific for seven decades.

As I wrote in a letter together with my colleagues Senators Reed, Corker, and Menendez, the United States must work together with like-minded partners and allies to develop and employ a comprehensive strategy that aims to shape China's coercive peacetime behavior. This will not be easy, and will likely have impacts on other areas of our bilateral relationship. But if China continues to pursue a coercive and escalatory approach to the resolution of maritime disputes, the cost to regional security and prosperity, as well as to American interests, will only grow.

I welcome the opportunity to hear from today's panel of expert witnesses. Their testimony will further this Committee's understanding of the ways and means available to our Nation as we seek to sustain our enduring interests in this critical region.

#### **STATEMENT OF SENATOR JACK REED**

Senator REED. Thank you, Mr. Chairman. I will too make my opening statement, with your consent, part of the record and simply welcome the witnesses. I have had the privilege of working closely with many of them and admire and respect all of them. So thank you very much, Mr. Chairman.

[The prepared statement of Senator Reed follows:]

PREPARED OPENING STATEMENT OF U.S. SENATOR JACK REED, RANKING MEMBER  
TO RECEIVE TESTIMONY ON U.S. DEFENSE POLICY ISSUES PERTAINING TO THE ASIA-PACIFIC THEATER.

Good Morning. Let me join Senator McCain in welcoming our witnesses. I am glad that we are going to have two hearings this week on this very important region of the world. While much of the public discussion in recent months has focused on the Middle East and Russia and Ukraine, it is critical that we not lose sight of the Asia-Pacific theater, home to over half the world's population, 7 of the 10 largest militaries in the world, and one of our most difficult national security problems—North Korea.

With that, I would like to briefly touch upon some issues that I hope we can cover today.

First, I would like to hear about the strategy and implementation of the Asia rebalance. While most folks agree that the Asia rebalance is an important objective given the role that the Asia Pacific will play in shaping the global economic and security environment in the next century, there has been a lot of discussion of whether the strategy has been sufficiently articulated and resourced. I think the Department has done a good job putting some strategic pieces in place to position us better in the region for the long term, but more must be done. I would like to hear from you about how we can continue to leverage our military resources to ensure the stability and security of this vital region—including how forward stationed military forces support these objectives.

I would also like to hear from you about North Korea and the challenges posed by the Kim regime. Last week, NORTHCOM Commander Admiral Gortney stated that North Korea "has the ability to put a nuclear weapon on a KN-08 and shoot it at the homeland." While North Korea hasn't yet tested the KN-08, I believe that the North Korean possession of nuclear weapons and pursuit of intercontinental delivery capabilities pose serious and growing security challenges. I would like to have a frank discussion about the threat posed by the North Korean regime, what influence China might have on that regime, and what North Korea's intentions are with regard to its nuclear weapons program.

Finally, a few issues on China that I would like to highlight as well. China has been undergoing a massive military modernization process, coupled with its aggressive and destabilizing behavior in the East China and South China seas, there is some cause for concern. With that in mind, how should we engage China? I would also note that there are some positive developments, such as the joint confidence building measures that were agreed to last year between our two nations. I invite your views on China's role in the peace and stability of the region.

Again, we appreciate you joining us this morning and look forward to your testimony on these and other topics.

Chairman MCCAIN. Dr. Allison, we will begin with you and thank you for being here today.

#### **STATEMENT OF DR. GRAHAM T. ALLISON, DIRECTOR, BELFER CENTER FOR SCIENCE AND INTERNATIONAL AFFAIRS, JOHN F. KENNEDY SCHOOL OF GOVERNMENT**

Dr. ALLISON. Thank you very much for inviting us. It is a great honor to be here with such a distinguished group. When Senator

Reed invited me to come, he said give us a big picture with coordinates. Senator King came to visit me about a couple of weeks ago, and he said be provocative. The staff said be brief.

Chairman MCCAIN. That is a habit that Senator King has himself.

Dr. ALLISON. I will try to comply.

I submitted for the record some testimony, and if you have a copy of it—I am not sure if you do, but I tried to summarize the essence of what I had to say in two charts.

So the first asks the question, who is rebalancing whom? That has been at the heart of many of your hearings.

The second asks the question, over the last quarter century when many of us have been doing more or less what we are doing today, what has happened to the relative power of China and the United States?

I think if you look at these two charts and think about them, you will get more than I have to say. So if you take a look at the first chart.

Imagine two competitors who are sitting on opposite ends of a seesaw. I do not know. Do members have copies? If they do not, I have some extra copies.

So imagine two competitors sitting on opposite ends of a seesaw. This is in 2004 and in 2014 and in 2024. Let us, for the sake of the record, call one “big guy” or “big man” and the other one “little man.” So if you notice in 2004, big man’s feet are on the ground, and actually he starts talking about rebalancing in which he is talking about whether he puts more weight on the left foot, the Middle East, or the right foot, Asia.

In the meantime, little man is just growing his economy. By 2014, you will notice big man’s feet are beginning just barely to touch the ground because of the impacts of the growth of the little man. If you look at 2024, what used to be big man is going to be smaller than what used to be little man, and big man’s feet are not going to be on the ground at all. So this is a tectonic change that is represented by this simplistic graph in terms of the relative economic power, measured by purchasing power parity of the United States and China.

The second chart, if you go to page 3, asks what has happened to the relative economic power of China and the United States over the past 25 years, a generation. If you will look at it, it is kind of hard to believe, but a state that was, if we measured in terms of height—so I am just representing the size of the economy in terms of the height of an individual—China was 1 foot tall relative to the United States in 1990, which we can remember. Today China looks us eye to eye in terms of the size of the economy. Actually as the IMF [International Monetary Fund] World Bank meeting last October announced, in purchasing power parity, China’s economy is slightly larger than the economy of the U.S.

Now, what follows from that? Almost everything. So there is a wonderful Czech, the former Czech president, whom Senator McCain knew and liked, Mr. Vaclav Havel, who has got this spectacular quote. He said things have happened so fast we have not yet had time to be astonished. So I would say be astonished. Look



at the two charts. Look at what has happened that is in our lifetime, doing what we have been doing.

So never has a state risen so far, so fast on so many different dimensions. That is just basically the essence of what I have to say.

GDP does not measure everything, but it is the substructure of power. It does not translate instantly into military power or into influence, but over time, bigger, stronger, more influential. That is the story of history.

I then offer three additional questions, which I will just go through quickly. First is, is the United States in decline? Second, what does China want? Third is, how should Americans think about China and the relationship between the United States and China?

The United States in decline? Answer: no. As the anti-declinists want to insist, we are not shrinking. The problem is, however, that the other guy is growing a lot faster than we are. So we are bigger and stronger and richer than we were in 1990, but China is a whole lot bigger, richer, and stronger. So relatively—and power is relative in international affairs—China's power and influence has grown substantially compared to ours.

The second question, what does China want? Answer: a very complicated subject, and my distinguished colleagues will explain to us how it is even more complicated. Nobody can know. I would say read Lee Kuan Yew. For those that do not have a copy of the book—I know Senator Reed does—I brought you a couple of extra copies, and if you want one, I am happy to send you one. This is the world's premier China watcher, a truly amazing individual. He has spent more face time with every Chinese leader since Deng Xiaoping than anybody in the world. Each one of them called him "mentor." So in this book, all we did was ask the questions. It captures his answers. So 95 percent of the words are his answers.

What does China want? Are China's current leaders serious about displacing the United States as the predominant power in Asia in the foreseeable future? It is a good question. You can read my former professor, Henry Kissinger's book, 500 pages. It says on the one hand, on the other hand. It is complicated. Lee Kuan Yew. Of course. Why not? Who could imagine otherwise? How could they not aspire to be number one in Asia and in time the world?

Then we go on. Will they succeed? He says yes. Chances of it going wrong are about one chance in five. So he makes it four chances in five they succeed.

Can the United States stop the rise of China? Lee Kuan Yew: No, the United States cannot stop China's rise. It just have to live with a bigger China, which will be completely novel for the United States since no country has ever been big enough to challenge the American position. It is not possible to pretend this is just another big player. This is the biggest player in the history of the world.

Must this necessarily lead to war? Lee Kuan Yew: No, no. The Soviet Union was contesting the United States for global supremacy, but this is not the Cold War. China is acting purely in China's national interest.

Finally, Mr. Chairman, how should we think about the China challenge? I have proposed a metaphor I call "Thucydides Trap." So this is the inherent and inescapable structural stress that occurs

when a rising power threatens to displace a ruling power. In 12 of 16 cases that I have studied, in the last 500 years, when a rising power threatens to displace a ruling power, the outcome was war. Think back 100 years ago to the rise of Germany, the fear this instills in Britain and what becomes World War I. So in 4 of the 16 cases, that did not happen.

My purpose here in trying to understand this in terms of a challenge of Thucydides and proportions is not fatalism and it is not a prediction about an inevitable war, but it is for us to try to realize the magnitude of the challenge that we face and to learn the lessons from the success stories, as well as from some of the failures, to be a success story in this case rather than a failure. Now, I have some specific ideas about how that might be done, but I have taken my 5 minutes.

[The prepared statement of Dr. Allison follows:]

PREPARED OPENING STATEMENT BY DR. GRAHAM T. ALLISON

Mr. Chairman, Ranking Member Reed, and Members:

It is an honor for me to address this committee. When he invited me, Senator Reed suggested I focus on the big picture—to try to help provide coordinates for your thinking about specific defense policy choices in the Asia-Pacific. Senator King encouraged me to be provocative. The Committee's staff insisted that I be brief.

I have tried to summarize the essence of what I have to say today in two charts. The first asks: who is rebalancing whom? The second: how has the relative power of China and the US changed over the past quarter century?

Chart 1 looks just at the past decade and compares the relative weight of US and Chinese economies as if they were two competitors on opposite ends of a see-saw. The identity of the two parties is left blank—to remind us of tectonic realities all of us should keep in mind when we hear the word “rebalance.”

Chart 2 compares the US and China today with where they stood a quarter century ago. It represents the size of the US and Chinese economies as the height of a person. If in 1990 China was one foot tall, how tall was the US?

Today? As last October's joint meeting of the IMF and World Bank in Washington announced with some fanfare, measured by PPP, China currently stands eye to eye with the US. By dollar exchange rates, it is about two-thirds our height, on track to overshadow us in the next decade.

Perhaps I should simply stop here and suggest that we all reflect on these two charts. As a wise European statesman observed: things have happened so fast, we have not yet had time to be astonished.

\* \* \* \* \*

Nowhere is that statesman's insight more apt in thinking about the relative power of the US and China. Never in history has a state risen so far, so fast, on so many dimensions. If you want to stump colleagues or friends, see the chart from my class at Harvard in the appendix to my testimony. It asks whether China could become Number One. It considers 23 key indicators, from the primary engine of global economic growth and leading trading nation, to the largest number of internet users and highest number of patent filings. As the reverse side of the chart shows, on every one of the 23, China could not become Number One. It already is.

Moreover, all this has happened in a single generation—a quarter century in which many of us have been doing more or less what we are doing today. To repeat: we have not yet had time to be astonished.

Of course, GDP is not the only measure of a nation's power. But it is the foundation or sub-structure of national power. While not translated instantly or automatically into economic or military means of coercion, if the five thousand years of recorded history is our guide, nations with larger GDPs over time have proportionally greater influence in shaping outcomes in international affairs.

Coming down from 60,000 feet to 30,000 feet, consider 3 additional questions:

- On the record of the past quarter century, is the US in decline?

- What does China want? As President Xi Jinping and his colleagues think about what has happened in their lifetimes, and what they want to make happen in the next decade or quarter century, what is China trying to achieve?
- How should Americans policymakers and citizens think about the China challenge? Is there a concept that helps illuminate what we all recognize is the defining question about global order today?

1. Is the US declining?

For most members of America's foreign policy establishment, any suggestion that the US is declining, or even might be, is rejected as heresy. Defenders of the faith have demonstrated great imagination in inventing additional measures to demonstrate their claim that: "we are not shrinking!" While technically correct, this proposition is substantively misleading. Power in international affairs is measured by one state's ability to get another state to do things it would not do otherwise. The concept is inherently *relative*: my strength as compared to yours. So even while the US is unquestionably richer and stronger in absolute terms than we were in 1990, China has also been getting richer and stronger—at a much faster rate.

2. What does China want?

Obviously this is a big question. It can be made even more complex, as many China scholars have shown in arguing that no one knows—or even can know. Since developments are dynamic and even if current leaders have goals or intentions, events inevitably intervene, and their successors who will lead the future remain unchosen, the question cannot be answered. Statements from US government officials typically express this by lamenting the lack of "transparency" about China's intentions.

For clarity in answering this question, I believe there is no better guide than the individual who has for the past four decades been the world's premier China watcher. Founder of Singapore and Prime Minister for its first three decades, Lee Kuan Yew, who died three weeks ago at the age of 91, was called "mentor" by every Chinese leader since Deng Xiaoping.

I had the great good fortune to spend many hours in conversation with this grand master of international strategy as my co-author and I sought to capture his key insights in a book published two years ago entitled *Lee Kuan Yew: The Grand Master's Insights on China, the United States, and the World*. Our contribution was simply to pose the questions we thought most Americans and other internationals would find most interesting. 95 percent of the book consists of his direct, pithy, provocative answers.

- QUESTION: Are China's current leaders serious about displacing the US as the predominant power in Asia in the foreseeable future?  
LKY: "Of course. Why not? How could they not aspire to be number 1 in Asia, and in time the world?"
- QUESTION: Will they succeed?  
LKY: Yes: "The chances of it going wrong in China are about 1 in 5."
- QUESTION: Can the US stop the rise of China?  
LKY: "The US cannot stop China's rise. It just has to live with a bigger China, which will be completely novel for the US, since no country has ever been big enough to challenge its position. It is not possible to pretend that this is just another big player. This is the biggest player in the history of the world."
- QUESTION: Must this necessarily lead to war?  
LKY: No: "This is not the Cold War. The Soviet Union was contesting the US for global supremacy. China is acting purely as China in its own national interests."

For this grand master's answers to additional questions about the future of China, the future of the US, US-China relations, India, globalization, democratization and other topics, members of the Committee who would like a copy of the book have only to ask.

3. How should we think about the China challenge?

For perspective, I know of no better lens than "Thucydides' Trap." This metaphor reminds us of the inherent and inescapable structural stress that occurs when a rapidly rising power threatens to displace a ruling power. Think back a century to the rivalry between a rising Germany and a ruling Britain that created conditions in which the assassination of an archduke triggered a sequence of events that became World War I. In 12 of 16 cases in the past 500 years when a rising power challenged a ruling power, the outcome was war.

I will spare you my lecture on Thucydides, though I will guarantee you that a couple of hours spent reading his *Peloponnesian War* will compare favorably with the reports you are inundated with weekly from the departments. Explaining the *Peloponnesian War* that laid waste to the two great city-states in Ancient Greece,

Thucydides wrote in one of the most frequently quoted lines in international security studies: “It was the rise of Athens and the fear that this instilled in Sparta that made the war inevitable.”

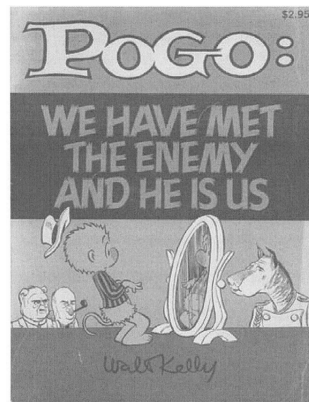
The fact that 4 of the 16 cases did not lead to war reminds us vividly that war between China and the US is not inevitable. But Thucydides’ insight also reminds us that hegemonic challenges or transitions are inherently dangerous—even perilous. Left to history as usual, on the record, the likelihood of war is much greater than most of us have recognized. The point of reviewing the historical record, however, is not to wallow in fatalism. To the contrary, it is to learn lessons from previous similar encounters that American and Chinese statesmen could apply to make this a success story rather than another case in my catalogue of failures.

As Senator Reed often asks me after I have complexified a problem: So what? Unfortunately, in this case, there is no “Washington solution:” a simple response with a lofty goal and a short to-do list that will meet the challenge. To borrow a line from my classroom, no, Virginia, there is no pill that will make this problem go away. Constructing a strategy proportionate to the challenge will require a multi-year, multi-mind effort. But as we get started, we will find no better source of insights and clues than the historical record of precedence and analogs.

So while I do not have a good answer to the “so what” question, I will conclude by underlining 3 clues.

First: stop, look, listen—and think. As Lee Kuan Yew said, this is not something we have even seen before: it is “completely novel: the biggest player in the history of the world.” What the strategic community needs most at this point is a serious pause for reflection. If the tectonic shift caused by China’s rise poses a challenge of genuinely Thucydidean proportions, declarations about “rebalancing” or revitalizing “engage but hedge” or 2016-hopefuls’ calls for more “muscular” or “robust” or “smarter” variants of the same are like band-aids on a cancer. The rise of a 5000 year old civilization with 1.3 billion people is not a problem to be fixed. It is a condition—a chronic condition that will have to be managed over a generation.

Second: what nations do inside their borders is as least as important as what happens in their external competition. Analyzing the record of the 21st century, which has had the larger impact on the relative power of the US and China: what China has done to build its self up, or what the US has done to tear ourselves down? In my analysis, the latter. As the classic Pogo cartoon concluded: we have met the enemy and he is us.



Third: as you consider the twin perils of fatalism on the one hand, and complacency, on the other, which poses the greater threat to the US today? Some of my colleagues worry that by insisting on the real possibility that China and the US could find themselves in a war neither would have chosen could hasten this very outcome. I believe the much greater danger comes from lulling ourselves by repeating reassurances that everything is okay. Those who argue that because war with China is “inevitable,” or very likely, we should get on with it now before China becomes even stronger, have no more following among serious policymakers than they deserve. To repeat, on the record, war is NOT inevitable.

In my view, however, most policymakers, policy influentials, and pundits have failed to appreciate the enormity of this Thucydidean challenge—a challenge exacer-

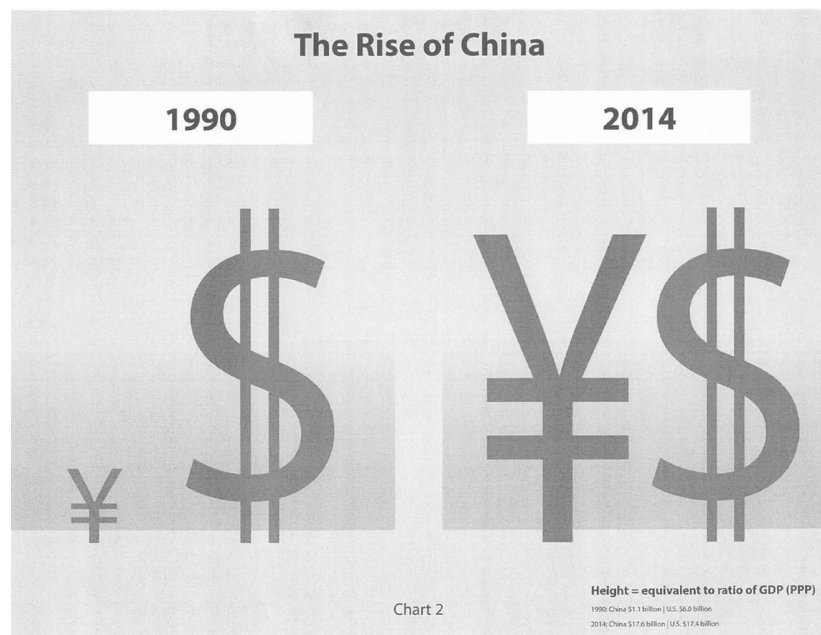
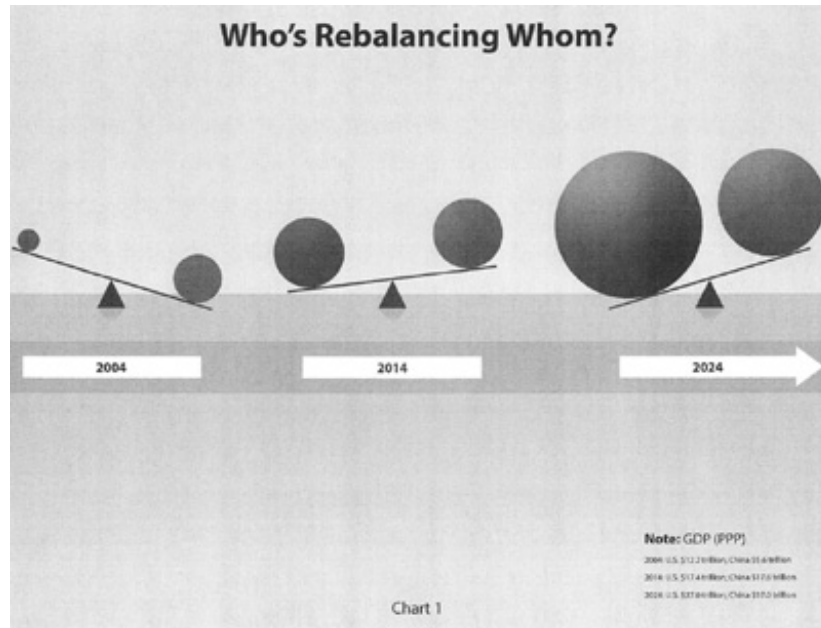
bated by the contrast between China's agility in addressing its daunting internal agenda and America's new normal dysfunctionality. What we need at this point is vigorous debate that illuminates the risks we face as effectively as a generation of strategists' warning about nuclear war with the Soviet Union clarified that danger. By doing so, realism motivated invention of a new strategy as unprecedented as Containment in the Cold War. As we should remind ourselves every day: we won.

Who better to stimulate that debate than the distinguished members of this Senate Armed Services Committee?

*Graham Allison is Director of Harvard's Belfer Center for Science and International Affairs and the Douglas Dillon Professor of Government at Harvard's Kennedy School. "Founding Dean" of Harvard's Kennedy School, he has taught at Harvard for four decades, written many books and articles on issues of national security and served as special advisor to Secretary of Defense Weinberger in the Reagan Administration and as Assistant Secretary of Defense under President Clinton. His first book, *Essence of Decision* (1971), has sold more than 490,000 copies, and his most recent book, *Lee Kuan Yew: The Grand Master's Insights on China, the United States, and the World* (2013) has been a best seller with more than 175,000 copies in print.*

*When Will China Become #1?*

- Manufacturer: 2011
- Exporter: 2009
- Trading nation: 2012
- Main engine of global economic growth: 2010
- Holder of US debt: 2008
- FDI destination: 2014
- Energy consumer: 2010
- Oil importer: 2012
- Carbon emitter: 2006
- Auto market: 2009
- Steel producer: 2010
- Cotton producer: 2008
- Smartphone market: 2012
- E-commerce market: 2013
- Luxury goods market: 2013
- Internet users: 2008
- Fastest supercomputer: 2010
- Holder of foreign-exchange reserves: 2006
- Number of IPOs: 2007
- High school education rankings: 2009 (Shanghai)
- Longest high-speed rail network: 2014
- Biggest solar power market: 2013
- Patent filings (filed in country): 2011



Chairman MCCAIN. Dr. Campbell, welcome.

**STATEMENT OF HON. KURT M. CAMPBELL, CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER, THE ASIA GROUP**

Dr. CAMPBELL. Great to see you, Senator. Thank you very much. Senator Reed, thank you, and it is a great honor. I had a chance to travel last year with Senator Wicker around Japan. It is good to see you again, sir.

I very much appreciate the chance to have a quick conversation to talk about the challenges that the United States faces in the Asia-Pacific region. I will begin with just a scheduling issue. Today is a classic case.

I think if we all sat down and thought carefully, we would say, you know, the lion's share of the history of the 21st century is going to be written in Asia. There is just no doubt about it. Frankly, when we look at this period, most recognize the dynamics that I think Graham has laid out are accurate. This is where power shifting, economic power is shifting dramatically.

However, the United States, for very good reasons, is consumed with the Middle East and South Asia and will be for at least a decade. So the greatest challenge of Senate leadership, congressional role, the role of the executive branch is how to try to find the wit and wisdom to focus more attention in those other hours that we are supposed to be doing other things at the same time that we are unbelievably dramatically engaged in the Middle East and South Asia.

So the biggest concern in Asia is not just the dysfunctionality of our Government. It is that we are preoccupied away from this drama. As much as we tried to persuade them that we are not—in fact, the more that you tried to persuade them, the more that they are convinced that you are. One of the great dynamics of Asia: the more that you attest to something, the more that your interlocutors are sure that the reverse is the case.

So as you end today and go into the real drama of what is playing out in Iran, I want you to keep in mind the challenge that we are going to be facing over time is going to shift from the Middle East and South Asia to the Asia as a whole, whether we recognize it or appreciate it more directly.

At the beginning of the administration that I served in, we had a relatively unhelpful set of back and forth, oftentimes between Republicans and Democrats, although I will tell you one of the great benefits of Asia is that this is essentially a bipartisan commitment. I worked closely with the men on this panel and others, and I believe we can sustain this bipartisan purpose into Asia into the 21st century.

We had some, after we started to talk about a rebalance or pivot to Asia, who said, you know what? We are back in Asia. We are back in Asia. The inevitable retort was, no, no, no, we have never left. The truth is both of these are right on some level, but both of them are profoundly wrong. Ladies and gentlemen, for us to be effective in Asia going forward, the price of admittance to get into the disco has gone up dramatically. We have got to spend much more time and attention, focus more of our military, our trade, our



economic engagement to be successful in Asia. That is what is expected because of the dynamics that Graham has laid out.

Second, for this to be really effective, we have to understand some of our shortcomings. We have not really reevaluated some of our very strong positions historically in Asia, but it is a position that needs constant refurbishment. So I just want to acknowledge that whatever small steps that have been taken to date have to be sustained over the course of several administrations going forward.

As you contemplate strategy in Asia, recognize that the military dimension is critical. It is important. It is our big ticket. It is what countries look to us for to maintain and to sustain peace and stability. But ultimately for us to be effective in Asia, we have to have a comprehensive strategy, and it has to integrate many components of American power. Now, I am a Democrat and a very strong supporter of the Trans-Pacific Partnership [TPP]. If we do everything right in Asia, go to all the meetings, bow at the right times, eat the food with the appropriate utensils, and we do not get TPP done, the best grade we can get over the next 2 years is a C minus, at the very best. If we do everything wrong, which we have a long tradition of getting sick at state dinners or canceling meetings at the last moment or creating some horrible problem with some miscommunication or translation, and we get the TPP done, we get a B+. That is how significant this is going forward.

So what I would urge this committee—and I want to thank you for doing this—is to recognize that as you think about military strategy, which is absolutely essential—we do need more ships. We need more capabilities. This is a period of time where I expect and want the Navy to stand up. This is the Navy's time. Over the last several years, we have had a period where we have other components of our services that are critically energized. This is a period for dramatic, fresh thinking, strategic approaches from our expeditionary men and women in white. Also our Air Force as well.

I would say generally we have the wherewithal to be successful in Asia. Asian friends want us around. They believe that our role is essential and that that can continue for decades.

I will tell you guys one secret and I will conclude and turn it over to my friend, Mike Green.

Americans often, who are trained and experienced mostly in foreign policy—that training is in Europe. So that when they first go to Asia, they use European analogies. Right? Then Asians immediately turn you off because they do not really like them. Right?

I agree very much with Graham's point about Lee Kuan Yew. No person has had more time with Chinese leaders. No person was more effective at manipulating Westerners than Lee Kuan Yew, as Graham knows.

So I am going to give you, in conclusion, a European analogy that works really well for Asia, even though you are not supposed to use them. So back in the 1980's, Margaret Thatcher had appointed one of her key players as Secretary General of NATO, and he was in a meeting listening. This was during a period where we were about to deploy missiles in Europe. He was listening to Italians and French and Germans complaining about the United States, that we were difficult, that we had no culture, that we did not coordinate effectively, that we were clumsy, that we were difficult and impos-

sible to work with. At the end of this, the Secretary General of NATO said, ah, alas, they are the only Americans we have.

That is our role in Asia, and it is a significant one and one that we should not take lightly. It is critical going forward that the role of the executive branch obviously is central. But what is important about Asia, ladies and gentlemen, no other arena in the world has been more affected by congressional leadership. No other place is more influenced by the men and women in this chamber. I will tell you Asians are worried after a tremendous passing of the baton with Senator Lugar and Senator Inouye that people like Senator McCain and others will hopefully continue this role in Asia going forward. So I want to encourage the new folks who are starting to think about Asia; make a trip. The water is fine. It is important for the United States to sustain our leadership going forward.

Thank you very much, Senator.

Chairman MCCAIN. Thank you.

Dr. Green?

**STATEMENT OF DR. MICHAEL J. GREEN, SENIOR VICE PRESIDENT FOR ASIA AND JAPAN, CHAIR, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES**

Dr. GREEN. Thank you, Senator.

This committee has a lot to worry about around the world. That is obvious. The American people, though, consistently now in polls say that the Asia-Pacific region is the most important region in the world to our interests.

The big question and the big uncertainty is the one that Graham Allison highlighted at the beginning, the future trajectory of China. There is good news and bad news for the U.S. position in Asia. The good news is that most of the leaders in the region Xi Jinping, Abe, Pakunai, spend 80 or 90 percent of their time worrying about how to grow their economy, not how to fight with their neighbors. The United States has exceptionally strong alliances in Asia. Our alliances with Japan, Korea, Australia, measured by opinion polls, by exercises, have never been stronger, and we have new partnerships with India and expanding relations with countries like Vietnam and the Philippines.

With very few exceptions, our democratic principles have far more attraction in Asia than the so-called Beijing Consensus of authoritarian rule. At CSIS, we have done surveys of elites in Asia the past few years, and it is unmistakably the case that what we represent, what countries like Japan and Korea represent in democratic norms is what most leaders see as the future of the region.

Our military capabilities, the expanse of our military leadership dwarfs any other in the region still.

Chinese leaders, despite their more aggressive stance in the East and South China Seas, in the Himalayan Mountains still consider stable U.S.-China relations a vital interest for China's own development.

The bad news. China is developing, as this committee knows well, so-called anti-access/area denial, A2/AD, capabilities, targeting all of our forward bases with ballistic missiles, crowding the Nur Sea, as Chinese officials call it, with white hulled coast guard

ships, PLA [People's Liberation Army] action groups, fighters, drones, cyber, and anti-satellite capabilities.

Second, despite the rebalance or pivot to Asia, China has been undeterred from its most recent lightning campaign to reclaim land and build military and paramilitary facilities on half a dozen or more atolls throughout the South China Sea. Now, there is an interesting chart here and our website AMTI [Asia Maritime Transparency Initiative] at CSIS. We have unique overhead imagery that shows how quickly the Chinese have launched these new facilities.

We suffer somewhat in Asia because our stance on Syria and the Ukraine and other parts of the world raises questions about our staying power and our willpower.

Finally, although we have the most capable military in the world, I believe the Pentagon is increasingly facing a devil's choice between retaining assets that are critical for this maritime theater like carriers and investing in new capabilities to deal with missile threats, cyber, and anti-satellites.

So four things we might consider core to our strategy going forward.

First, we have to take steps to enhance our deterrence capabilities against these increasingly capable challengers, not only China, but North Korea which is developing with the KN-08 a possibility to hit the U.S. homeland. In the 1930s, when the Japanese Imperial Navy threatened our forward bases in the Philippines and Guam, we took the wrong approach. We let the Navy sink in size. We pulled back in War Plan Orange. We figured we would fight across the Pacific. Deterrence failed. The Japanese destroyed us in the western Pacific.

In the 1980s, we again faced a threat to our forward bases on islands. This time from Soviet ballistic missiles, submarines, back-fire bombers. Ronald Reagan took a different approach. He doubled down, strengthened our alliance ties with the Japanese, used the archipelago to bottle up Soviet forces, recapitalize the Air Force and the Navy. In 1979, Soviet boomers would operate with impunity off the coast of Hawaii. In 1983, they were afraid to leave the Sea of Okhotsk. Technologies changed. Political systems changed, but I think the approach of the 1980s and the maritime strategy offers the better lesson.

Second, we have to shore up the vulnerable states in the island chain. The first point is about deterrence and frankly about warfighting and prevailing in the worst and most dangerous scenarios. But to keep the peace, to win the peace, we have to invest in what experts in the Pacific Command now call shaping activities, dissuading China or others from trying to pressure vulnerable states like the Philippines or Vietnam. We have done some things like advanced cooperation with the Philippines. But right now, less than 1 percent of our foreign military finance worldwide—less than 1 percent—goes to the Pacific. We are doing very, very little in fact to help the Philippines and other countries develop the kind of maritime domain awareness and resilience they need to avoid a vacuum.

Third, as Kurt has highlighted, the Pentagon cannot do this alone. We need an all-of-government approach, and in that context, TPP is really critical. Kurt put that extremely well. If we cannot

get TPP right, the rest of this is going to matter but we are going to get—I am a Georgetown professor. Maybe I am an easy grader—maybe a B-, but it is not going to be a place where we want to be. If we get TPP right, we will start setting up momentum and rules that will affect the overall strategic environment.

Finally, we need to think about how we talk to and talk about China. We have been very inconsistent in recent years. At times we have embraced Xi Jinping’s idea of a new model of great power relations, which is a formula designed to demote every one of our democratic allies and put the United States, China, the Russians as the great powers, Japan, Australia, Korea as secondary powers. We embraced that rhetoric. It was a mistake. We do not want to go there.

On the other hand, we need to be attentive to and constantly working at confidence building, transparency with China to avoid the kind of accidents that so often happen in history. For that to work, we have to be consistent in our principles, in our defense capabilities, and in our cooperation with allies.

Thank you.

[The prepared statement of Dr. Green follows:]

#### PREPARED STATEMENT BY MICHAEL J. GREEN

In public opinion polls a majority of Americans now identify Asia as the most important region to U.S. interests. They are right. Five of the seven nuclear-weapon states are in Asia (and that is not including North Korea); 58 percent of U.S. trade is with APEC countries alone; The Asian Development Bank projects that by 2050 Asia and the Pacific will account for 51 percent of global GDP.

The greatest source of uncertainty in Asia today is China’s trajectory. The good news is that the major powers in the region are primarily focused on economic reform and growth; that the United States has strong allies and partners in Asia; that with few exceptions our democratic principles have more attraction in the region than the so-called “Beijing consensus” of authoritarian rule; that our military capabilities remain unmatched; and that Chinese leaders still consider positive U.S.-China relations to be a vital interest.

The bad news is that China is developing anti-access/area-denial capabilities that will make it increasingly difficult for us to operate within the offshore island chains centered on Japan and Guam; that despite the administration’s announcement of a “rebalance” to the Asia-Pacific, China has not been dissuaded from its lightning campaign to construct island ports and air bases, nor its military and paramilitary operations to consolidate control over the East and South China Seas (highlighted this past week by the CSIS Asian Maritime Transparency Initiative); that events in Syria and Ukraine have raised questions about American willpower; and that sequestration and the current trajectory of the defense budget are forcing the Pentagon to choose between maintaining legacy assets like carriers and new technologies needed to maintain deterrence in the Western Pacific.

On balance the American grand strategy of building an open trans-Pacific regional order and deterring other powers from seeking hegemony within Asia is succeeding, but we risk losing some of our comparative advantages. The following initiatives are critical:

First, we must shore-up U.S. deterrence against increasingly capable challengers. Our forward military presence in Japan, Korea and Guam lies at the core of our deterrence posture, but those bases are under increasing threat from Chinese and North Korean missiles. When our forward bases in the Western Pacific became vulnerable in the 1930s, we pulled most of our shrinking Navy back and tried to deter the Japanese from the West Coast and Hawaii. Deterrence failed. When the Soviets built-up their offensive power in the North Pacific in the 1970s and 80s, Ronald Reagan turned the offshore island chain into a picket fence to bottle them up—tightening defense cooperation with Japan and recapitalizing the Navy and Air Force. In the late 1970s, Soviet boomers operated with impunity off the coast of Hawaii. By the mid-1980s, they rarely left the Sea of Okhotsk. Technologies have changed, but Reagan’s maritime strategy provides the better guide.

Second, we must shore-up vulnerable states along the first island chain. The Departments of State and Defense have taken important first steps with the U.S.-Philippines Enhanced Defense Cooperation Agreement (EDCA) and U.S. decision to partially lift the ban on lethal weapons sales to Vietnam and to provide it with Coast Guard aid. Japan and Australia have also stepped up support. The PACOM area of responsibility only receives about one percent of all Foreign Military Financing, however, these states need better maritime domain awareness and transparency about Chinese activities and improved capabilities to deal with natural disasters and internal security challenges that leave them exposed to external pressure. Enhanced U.S. engagement, access and presence will give these states greater confidence, complicate Chinese coercion efforts, and disperse U.S. forces by alleviating the heavy concentration of bases in Japan and Korea. We have been underinvested in Southeast Asia since the 1969 Guam Doctrine and the withdrawal from Clark and Subic Bay. We need to restore our defense engagement and presence in the region. These so-called “shaping” activities are now almost as important as deterrence itself, since the United States seeks to avoid vacuums that invite expansion and increase the risk of great power confrontation. In that context, Department of Defense plans for dispersing the U.S. Marine Corps presence in the Western Pacific represents sound strategy—though the operational and budget details warrant continued scrutiny from the Congress.

Third, we need an all of government approach. The Defense Department cannot do this alone. Secretary Carter emphasized how important the Trans-Pacific Partnership (TPP) is to U.S. security interests in the Pacific and he is right. Should negotiations on TPP falter this year, there will be new doubts about the strategic competence and staying power of the United States in Asia and the Pacific. That said, trade is not a substitute for deterrence. After the multilateral agreements of the 1920s the United States stopped building battleships and the President of J.P. Morgan declared that war with Japan would never happen because of growing economic cooperation. The 2010 Quadrennial Defense Review Independent Panel called for a U.S. fleet of 346 ships. That was before China’s more aggressive moves in the East and South China Seas. We are now on a trajectory for just over 300 ships.

Finally, we must consider all of this from China’s perspective. China respects strength, but also deserves respect. U.S.-China relations have been most stable when the U.S.-Japan alliance is resolute, so our reassurance strategy must never involve pandering to Beijing’s calls for a “new model of great power relations” between the United States and China that demotes our allies to secondary power status. But we should continue pushing for transparency, confidence-building, and above all, consistent articulation of U.S. interests, values and commitments.

Chairman MCCAIN. Admiral Roughead?

**STATEMENT OF ADM GARY ROUGHEAD, USN, RETIRED,  
ANNENBERG DISTINGUISHED VISITING FELLOW, HOOVER  
INSTITUTION**

Admiral ROUGHEAD. Mr. Chairman, Senator Reed, members of the committee, it is great to be here with you, and I will be very brief in my remarks. I submitted a statement.

But as has been mentioned by the gentlemen to my right, there is a lot going on in the world today, but the rise of China, China’s role in Asia is the long game. That is the important game that will play out. It is a strategic competition that only occurs once in decades, and that is what we are going through.

The question is not whether China will become a consequential power, but whether it will be the dominant power in Asia, and do we in the United States accept that?

I think it is also important that as we think about the Asia-Pacific region, that we must now begin to think about the Indian Ocean as being part of that. That is the puck that we have to skate to, because as the military activity there increases and becomes more complex, we will have to be ready to move into that area. So that is the framing of the force structure of the future is this Indo-

Pacific region and not just the Pacific littoral and the western Pacific.

I think it is also important that the significant changes that are going on in the PLA today is not so much the technology that we see coming onto the scene, but the fact that President Xi has become the leader of a special group to drive through reform in the PLA. It is best captured by my good friend and I think the best PLA watcher, Dave Finkelstein, who is at CNA [The Center for Naval Analyses], when he says that what is happening now is that the PLA is going through their Goldwater-Nichols moment. What is happening is that the changes that were enacted by this body that so transformed the American military into what it is today—that is what the PLA is driving through.

He has many years left to do it, and he will do it. They will be better prepared to operate in complex environments. Their missions will be to defend at home, to secure their interests abroad, to fight and win, which is a bit of a different twist than the hide-and-hide strategies of the past—so they are coming out—and to be viewed as an international power of significance.

With regard to the South China Sea and the chart that Mike put up there, that really needs to be viewed in terms of maritime force structure. The capability to use those improved land features really gives China an opportunity to conduct operations in a way that only a maritime force can do in that area, and I think we have to consider that.

With respect to our alliance structure, to me there is nothing more important, and China is focusing on trying to dismantle or weaken or unravel it. It is very clear in many of their writings and in venues where I have been the talk of Asia for Asians continues to come through loud and clear.

Now that said, I think it is still important that we continue to engage with the PLA, but we really need to do it in a way that is balanced. A lot of the activities that have been undertaken before have been hosted by the United States, conducted by the United States. It is now time in a more balanced military-to-military relationship that we see more of that activity taking place in China.

There is no question that we face some budgetary issues, but the key for the military force structure of the future is to provide some predictability, and under the current circumstances with the Budget Control Act, the lack of regular order, it is very difficult to plan the type force structure that we are going to need going into the future.

The last point I would make, to echo what the gentlemen to my right have said, is we cannot simply be a military one-trick pony. As China is doing in Asia with their Silk Road economic belt and their maritime Silk Road and the changes to the PLA, there are two vectors. One is a military strategy. One is an economic strategy. TPP and our economic initiatives in Asia, coupled with our military initiatives in Asia and our presence in Asia, is the strategy that we have to pursue. TPP and TPA [Trade Promotion Authority] is extraordinarily important to send that message and to drive that point home.

Thank you very much.

[The prepared statement of Admiral Roughead follows:]

## PREPARED STATEMENT OF ADMIRAL GARY ROUGHEAD, U.S. NAVY (RETIRED)

Chairman McCain and Ranking Member Reed, thank you for the opportunity to appear before you and other members of the Committee to discuss U.S. national security interests and objectives in the Asia-Pacific region and the changes and activity taking place there.

Events in the Ukraine and the Middle East, particularly the aggression of the Islamic State and the recent nuclear negotiations with Iran, have dominated recent policy discussions in Washington and around the world. That said, the importance of the Asia-Pacific region and the strategic competition between the United States and the Peoples Republic of China is the long game and the most consequential for our country.

For decades the United States has been the guarantor of a secure, stable and prosperous Asia. Over decades, at great cost in blood and treasure, and through persistent, credible presence and cooperation with allies and like-minded partners, we have been the stabilizing force that enabled the rise of Asia. Our role, alliance relationships and stabilizing influence are being challenged by the Peoples Republic of China. Blending hard and soft power and pursuing strategic military and economic policies China seeks the dominant role in Asia.

To comprehend fully and to assess properly U.S. defense policy and strategy in Asia, it is important to define the region beyond the Asia-Pacific region to include the Indo-Pacific expanse. That broader view puts the region's relationship with the Middle East, South Asia, and the important energy and resource sea-lanes of the Indian Ocean and, soon, those of the opening Arctic in context and best frames the military resource demands of the future.

The transformation of the Peoples Liberation Army (PLA), specifically, the Peoples Liberation Army–Navy (PLAN) in the past decade, has been remarkable. System capabilities and force structure tend to be the most newsworthy but the most consequential changes are in organization and culture. PLA transformation will be sustained and likely accelerate in the remaining years of President Xi Jinping's leadership. President Xi's chairmanship of a leading group that is taking on reforms previously deemed too bureaucratically difficult to implement will produce changes that will advance the effectiveness and combat power of the PLA. Stovepiping within the PLA will diminish and the PLA will become more integrated and joint in the complex battlespace of cyber, space and electronic warfare. More rein will be given to the PLA, especially the Navy, to prepare to defend close to home, secure interests abroad, to instill an ethos of fighting and winning and to demonstrate that China is an international power of significance.

Strategically and operationally this means the PLA and PLAN will operate more routinely in consonance with China's two defined regional strategic economic priorities, the "Silk Road Economic Belt" and the "Maritime Silk Road". PRC activity will represent a mix of hard and soft power presenting opportunities for U.S.–PRC cooperation, to be pursued where appropriate, while China seeks to establish itself as the dominant Asian power. China will build the maritime force structure to be a consequential force in the Indo-Pacific region to include the Arctic. The recent rapid expansion of infrastructure on several land features in the South China Sea must be viewed as maritime force structure as those significant improvements, while reinforcing PRC claims, offer future military use in that vital sea-lane. While our attention has been landward, China has taken Mahan to heart, understands the influence and importance of sea power, and is all in.

China's military and economic initiatives would be a challenge even in the best of budget times. Capabilities coming into the U.S. inventory today will support likely operations in the near term. However, our nation's ability to advance capability in the mid and far term is at great risk given Budget Control Act constraints, the lack of regular order in the budget process, and the lengthy bureaucratic processes that inhibit rapid fielding of capability. That apart, the real need in the region is capacity—adequate numbers of ships and aircraft to provide credible, persistent and predictable presence and response in the vast expanse of the Indo-Pacific region. The size of our fleet must increase, but we cannot simply satisfy ourselves with a higher ship count—balance is paramount. Accordingly we should:

- Increase the size of our submarine force to meet the increasing need in the Pacific and Indian Oceans
- Permanently move one aircraft carrier from the Atlantic to the Pacific
- Procure an *additional* Amphibious Ready Group to routinely float the Marines distributed in the Pacific
- Sustain the Navy's current high-low surface combatant program mix
- Forward deploy a larger, tailored combat logistics fleet and enhance alliance logistics capability and interoperability

- Move boldly toward unmanned capability and capacity in the Pacific; specifically, high altitude/long endurance aircraft for maritime domain awareness in the vast Pacific and Arctic areas; refuelable ISR and penetrating strike capable carrier launched UAVs; long endurance, networked unmanned underwater systems

China seeks to diminish the strength and efficacy of the Pacific alliance structure that has been the foundation of regional stability. The importance of our alliance relationships and cooperation with key partners in the region must be continuously reinforced and remain a top priority. We must pursue increased technical transfer opportunities and personnel integration beyond the current modest personnel exchange programs with them. This does not mean we should not pursue a cooperative military to military cooperative relationship with the PLA. Activities should extend beyond what we have done to date contingent on a more balanced approach of venue and activity. In short, China should take a more active role in initiating and hosting meaningful cooperative activity.

All of the above are challenging, hard and cannot be attained without change and reform. Change in accepting the continuation of product lines and variants of those lines that are adequate to need instead of starting with clean sheet designs and consequent increased cost and late-to-need introduction. Reform to reduce bureaucratic acquisition time. Reform to be more aggressive with technical transfer to allies and like-minded partners, and reform to begin to turn the high cost of personnel total compensation so that critical and strategic investments in capability and especially capacity can be sustained.

Thank you for the opportunity to appear before you today and I look forward to your questions.

Chairman MCCAIN. Thank you, Admiral.

It is interesting that all of the witnesses emphasize the importance of TPP, and yet we hardly hear anything about it here in Washington or amongst the American people. Frankly, only the President and the administration can drive that lesson home. But I thank the witnesses for their emphasis on that. It does not require the construction of a single additional ship or airplane.

Graham, I appreciate your referring to Lee Kuan Yew. I remember meeting with him and asking him about China's ambitions, and he said that the Chinese would gain control of the western Pacific and tell us that we could do what we want in the eastern force. Perhaps you recall that.

Dr. Campbell, you have been involved in your previous work on this realignment of forces from Okinawa to Guam. I am interested in your views on it. But I will say that because Senator Sullivan has just come back from a visit where his total emphasis was on this realignment issue, I think he would be more qualified on that.

Admiral Roughead, the whole issue—and this is kind of going from macro to micro, but this issue of the drones. You have said that we need to move boldly forward toward unmanned capability and capacity in the Pacific and specifically for the Navy to develop penetrating strike capable carrier-launched UAV's [unmanned aerial vehicles]. The present Navy plan does not call for that. What is your response to that?

Admiral ROUGHEAD. Yes, sir. I think that what we really need to do is to pursue those capabilities that I mentioned in my statement. We are on the verge of being able to have a carrier drone that is refuelable, that is both strike capable, that is ISR capable, intelligence, surveillance, and reconnaissance capable. But yet, we seem to be stepping back from that.

Chairman MCCAIN. Have you got any idea why?

Admiral ROUGHEAD. I believe it is probably driven by cost, but I also think that we have looked at drones in the more benign air



atmosphere of Iraq and Afghanistan. The western Pacific will not be like that. It will be important that we have that capability that can strike long, that can stay airborne for a long time, that can operate away from the carrier, not organic to the carrier. Those are the technologies that we have. We are on the verge of realizing it. I believe this week we are going to refuel in the air an unmanned aircraft for the first time in history, and to step back from that to start a whole new program—and even though I am sure that people in the budget shops can make the numbers work—it seems to me that we will end up spending much more money in the long run to get to that penetrating capability if we do not pursue the paths that we are currently on.

Chairman MCCAIN. Dr. Campbell, the one country we do not hear much about that seems to me can be a major player here is Indonesia, the world's largest Muslim nation and certainly a growing economy, a vibrant nation. Where does Indonesia fit into all of the equation here?

Dr. CAMPBELL. It is a great question, Senator. You know, if you had to make a list of the countries that were important to the United States that we were not aware of their importance, probably Indonesia, as you suggest, would be at or near the top of the list, one of the world's largest countries, huge island nation, generally a moderate Muslim, multicultural nation, has been led very effectively over the last 8 years. We have a new leader in place who is still finding his feet, very much focused on domestic issues and trying to spur the Indonesian economy out of very difficult doldrums.

Ultimately Indonesia wants a better relationship with the United States. They want to take it carefully with us. I believe that there is enormous potential to try to build the kind of relationship that will be essential if we want to maintain peace and stability in Asia going forward.

The challenges will be that ultimately we need to increase substantially investment, more people-to-people engagement. Right now, most of the companies that work in Indonesia from the United States are extractive, very little manufacturing. Really it is not an investment climate that has yet attracted the kinds and the scale of business that we would like to see.

I think Jokowi is currently scheduled to come to the United States later this year. The hope is at that time that we will put in place a much more ambitious set of objectives, more mil-to-mil coordination. In the past, that has been hindered somewhat by human rights issues. I would like very much for those to step up. I would like to see more investment protocols. I would like to see a general recognition that we can work more closely together across Asia.

Chairman MCCAIN. Do you think it would be appropriate for Jokowi to address a joint session of Congress?

Dr. CAMPBELL. You know, Senator, to be honest, I am not as knowledgeable about who ultimately gets the ticket and who does not. Generally speaking, my preference is to reward long periods of service, a recognition of accomplishment, as opposed to doing it before they have really taken the necessary steps. So I would like to see basically what he has in place. I would like to see where he

wants to take the country. In fact, there has been a lot of toing and froing. He spent a lot of time on this execution matter. I would like to see more time in the saddle personally.

Chairman MCCAIN. The chief of police.

Dr. Green, do you have a brief comment or Dr. Allison?

Dr. ALLISON. If I could go back to the question you put to Gary Roughead about the drones or unmanned. So I would say as a first approximation, think unmanned, or as Hoss Cartwright—and I know, Senator, you are a flyer—but if you ask if unmanned aircraft or modes of transportation had been impacted before manned aircraft, would anybody imagine surveiling a site, delivering a product, bombing a target by manned. So the legacy systems are the main reason why we continue to buy legacy systems, and it is hard to get your head around the proposition that there is another better, faster, cheaper, less dangerous way to do this if you are a flyer or if you are running a carrier or otherwise. I would say that is kind of 99 percent of the explanation. But I think that is also, unfortunately, for our legacy systems in each of the services.

So while I am a defense hawk in terms of the level of effort—that is, I do not think we have a defense budget that is large enough. I think the things that we buy may be as much a problem as the amount of money that we spend.

Dr. GREEN. I would just broaden slightly the point on Indonesia and associate myself with what my friend Kurt said. We have been episodic in our attention to Southeast Asia. After we pulled out of Subic Bay and Clark in the 1990's, we have not engaged that region sufficiently. It is now under duress. I think we are going to have to sustain engagement across Southeast Asia. American companies know this. Our investment in the ASEAN [Association of Southeast Asia Nations] countries is greater than into China. But on the security and diplomatic side, we have to pick up our game. Indonesia is at the core, but I would just extend what Kurt said to Thailand, to Singapore, to Malaysia and the entire region.

Chairman MCCAIN. Senator Reed?

Senator REED. Well, thank you, Mr. Chairman.

Thank you, gentlemen, for extraordinarily insightful testimony. You have made a compelling case that China is not only rising but doing so with extraordinary momentum.

Let me, for the full picture, sort of look at it the other way. Every great country has some critical internal issues, some potential challenges that they cannot face. China has to continually worry about employing millions of people. They have resource issues. They have environmental issues. I hear periodically of the threatened collapse of their banking system. That shows up every 6 months in the "Financial Times". If I was the leader of China and someone showed me a 3D printer, I would say—well, I cannot say it here. But the technology could be extraordinarily destabilizing to China more so than the West.

Can I just get your comments, starting with Professor Allison, about what are the fault lines? What are the issues which they could come off the rails? I think we have to see both sides of the story, not just the power but the challenges. Dr. Allison?

Dr. ALLISON. Thank you very much, Senator Reed.

I think if you think of Xi Jinping's inbox—I talked to Lee Kuan Yew at length about this. In the chapter on the future of China, he has got the best description of the vulnerabilities and weaknesses of China that I have seen. He said, oh, my goodness. This person has the most daunting inbox imaginable.

First, China has grown at double digits on average for 30 years. It is now trying to maintain a super level of growth of 7 percent. This is walking a very high wire act, and he has created expectations of very high levels of economic growth. So that is unprecedented. Now, it is hard to keep going.

Second, the Communist Party, the Mandarins, run China. Their only mandate for their monopoly of political power is their delivery of improved income and lifestyles for citizens. So if they fail to do that, they have got a problem with stability.

Third, you cannot breathe the air in Beijing. When you go to Beijing—like this is impossible. So everybody is thinking what about this. So they got a big, big pollution problem. They got a climate problem.

They have an aging workforce. They are likely to become old before they become rich. They got a demographic problem. They got a problem that none of their neighbors like them.

So I would say his list of problems, if he were thinking about it rationally, which I think he does—he has got more than enough things to do at home.

So then the question is—you say, well, why is he becoming more assertive abroad? I would say think again in Thucydidean terms. As the country becomes bigger and stronger, it comes to think of its interests as deserving more respect, and it comes to think of its ability to influence events to be more natural. So the proposition that as China becomes bigger and stronger, it will become inherently more influential and assertive I think is given in the structure of history.

Now, how we then adjust that and adapt it is a different problem. But I would say if he were to sit down and think about his problems, the best thing that he could have would be a world that left him alone for 10 or 20 or 30 years. The fact that he is not doing that but is also being more assertive I think has to do with the fact that in terms of Chinese nationalism and in terms of the Chinese population, Chinese are proud now. They want to be proud. The China dream is we are going to be so rich and so powerful that we will command respect for our interests.

Their expression of this, particularly in the South China Sea, I think we will see more of. Their expression of this in the Asia Development Bank we will see more of. So what we have seen there are just the beginning of what I would say we are going to see more and more and more of.

Now, does this inevitably mean we end up in a conflict? I do not think so, but I think it will require a whole lot more and different creativity than thinking that we will just shore up our relations with the Philippines or we will do a little bit about this or we will do a little bit about that. I think we are currently still kind of in the unreality zone with respect to our potential response.

Senator REED. Dr. Campbell, quickly and Dr. Green and Admiral Roughead, just quickly please.

Dr. CAMPBELL. I will not go through—I think that is a good litany that Graham has laid out about all the challenges. I will talk about one other one, Senator. I do want to commend you.

You know, we have a tendency to do this 10-foot-high tallism about any country that we face, and it is important to keep in mind that China has huge challenges ahead, and I think that is critical. They also have some substantial resources to deal with them.

My biggest concern right now is that I think what we see is a leader that is practicing some really unprecedented steps in China. So I think what we do not fully recognize, that 2 years ago in China, we really had a collective leadership, and almost all decisions were taken in a very complex bureaucracy. Today, after what can only be described as a bureaucratic blitzkrieg, we have a leader—and I got to spend quite a bit of time with him—who makes basically every decision in China. So every leading group, every economic central decision about interest rates, about matters associated with foreign business is essentially taken by Xi Jinping. So he has woven himself into the very center of power in China.

I think there are a lot of challenges with that. What that means is that there is no one issue that he has the ability to spend very much time on.

Second, I am struck by—he has managed, Senator Reed, to discourage a lot of impropriety inside government. A lot of people are more worried about taking steps that could lead to accusations of graft or incompetence. But at the same time, a lot of people do not want to take steps at all. Like they just want to hunker down as if they are hopeful that this will pass. So there is not a lot of action being taken on some of the reform agenda that he has laid out.

Ultimately, Senator Reed, I think for China to be effective right now, as they move from basically a state-led, export-led growth model to one that is about domestic consumption and domestic driving of the economy, ultimately that is about the devolution of power and responsibility at a time where I think he is actually gathering it at the center. I think in some respects it is contradictory to the aspirational goals he has laid out for China. If you work late at night, the ghosts that surround him probably are mostly of Gorbachev, and this dramatic determination not to go down this path. But in fact, some of the steps that he is taking will make the system I think more brittle, not more robust. I think at the heart of the challenges that China faces, amplified by all the things that Graham has suggested, is a decision-led model that is incompatible with the fundamental challenges of a 21st century economy.

Senator REED. Dr. Green?

Dr. GREEN. The Chinese——

Senator REED. Because the time is so short for my colleagues, we have to—please quickly.

Dr. GREEN. I would just say since Deng Xiaoping, the Chinese Communist Party has relied on two things for its legitimacy: first, economic growth but also national security and nationalism. If these woes pile up and overwhelm Xi Jinping, his successor may decide it is time for greater reform, but it is just as possible in my view that they will shift everything to the national security/nationalism front.

So this is why TPP is so important because it creates an external structure that reforms in China are already pointing to to make the argument that reform on the economic side is the better way to go.

Senator REED. Thank you.

Admiral Roughead, if you have a comment.

Admiral ROUGHEAD. The only thing I would say that I think China in the long term is going to have to deal with besides its demographic is I submit that they are going to have severe water problems, and then that water issue will move into South Asia, Southeast Asia and set up some significant friction in the future. That is going to be a problem.

Senator REED. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Wicker?

Senator WICKER. Thank you.

Dr. Campbell, I am actually encouraged that you would say the history of the 21st century is going to be written in the Asia-Pacific. To the extent that the history of the 21st century is not written in the former states of the Soviet Union, I think that is a good thing. If the history of the 21st century is not written in Iran, I am happy about that.

I think it is a challenge for us all, and I appreciate what you have all said about trade. I subscribe to the statements made by the chairman of this committee about the importance of TPP. Of course, we will not get the Trans-Pacific Partnership without trade promotion given to our President to actually negotiate something that can stick. So it is a challenge for us all.

Dr. Campbell, let me mention two things mentioned by your fellow panelists and get you to comment on that. Admiral Roughead says China seeks to diminish the strengthened efficacy of the Pacific alliance structure that has been the foundation of regional stability. The importance of our alliance relationships and cooperation with key partners in the region must be reinforced.

Now Dr. Green says Southeast Asia is under duress.

Let me ask you about both of those. Dr. Green mentioned Thailand, Singapore, Malaysia in addition to Indonesia which have already been mentioned.

So let us go, for example, to Thailand. Do you agree with Dr. Green that Southeast Asia is under duress? Thailand, Singapore, Malaysia—are they under duress? Are they the type of key partners in the region that China would seek to diminish the efficacy of our relationship with?

Dr. CAMPBELL. Thank you, Senator. Very good questions.

I do want to say one thing. Not only is TPP critical, but in fact the passing of the IMF quota is also critical as well. A lot of blame to go around there, but in fact a lot of the roots of this Asian Development Bank debacle, frankly, are a consequence of us not stepping up and taking the necessary steps.

First of all, let me just strongly associate with everyone on this panel. The most important thing that the United States can do is to secure our longstanding allies. For many people that serve at the highest level in Government, what is considered to be really exciting is the high-level diplomacy with China. It is imbued with this

sense of romance. It is important. It is absolutely critical. It needs to be sustained.

Working on alliance issues are really difficult. Right? It is about stationing our forces in another democratic country's soil. It is a very hard thing to do. It sometimes requires intense, very hard decisions. Working with Japan, South Korea, Australia, Philippines, Thailand, our formal alliance countries, is going to be central going forward.

I do believe most of the countries in Southeast Asia are under duress, Senator. I believe the country that we need to really stand behind currently is the Philippines. I would like to see a renaissance in that relationship. I would like to see us take steps to build a stronger relationship with Vietnam. I agree with the Senator about Indonesia. I am excited about the opening to Myanmar. I understand the challenges that—

Senator WICKER. How is our relationship with Thailand?

Dr. CAMPBELL. I think our relationship with Thailand right now is strained for a variety of reasons. I would like to see us deepen a dialogue with the current government. I would like to be clear that we have an essential military and security relationship with that country that has to be sustained. However, it is also the case that the current government needs to represent and understand that a move towards a true democracy is in the long-term best interests of Thailand. Trying to jigger the system in such a way that a small elite can sustain power over a long period of time I think is contrary to our values.

So it is a balancing act. We have got to show Thailand respect. We have got to work with them. They worked very closely with China. They are a central player in ASEAN. They are our longest and oldest standing treaty partner in Asia. I would very much like to see us develop more of a dialogue with the government. I believe we could do more to help create—I do not want to say a government of national unity, but we need to bridge these terrible divisions that exist in Thailand, and we can do more to assist in that. I really believe that.

Senator WICKER. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Shaheen?

Senator SHAHEEN. Thank you, Mr. Chairman.

Admiral Roughead, I want to go back to—because I did not quite understand a point that you made earlier. When you were talking about drones, you talked about the benign airspace in Iraq and Afghanistan. Were you talking about that in terms of no other drones being in the airspace? Can you explain a little bit more what you were saying?

Admiral ROUGHEAD. Yes, ma'am. For the past decade, we have flown with impunity in Iraq and Afghanistan, no threat of anti-air weapons coming at us. The western Pacific and the capabilities that are being fielded by China—that is a completely different ball game. It is going to be a tough space to work in, and what we have used in the past, the capabilities and the technology, does not equate to that environment.

Senator SHAHEEN. So you were suggesting that our drones could be shot down, not that China is going to be competing in terms of drones that they would be using and developing.

Admiral ROUGHEAD. Absolutely. China—if you look at what they are producing now, they are moving into the drone space. They will not be drone-on-drone, but they are going to be in that space as well.

Senator SHAHEEN. In your testimony, you talked about the transformation of China's military not just in terms of the equipment and all but the organization and culture. Can you talk about what has accounted for that? Has it been the leadership issues that Dr. Campbell talked about, or has this been part of a long-term plan in China?

Admiral ROUGHEAD. Well, I think it has been part of a long-term plan. The Chinese went to school with us starting in 1996 after Taiwan. They watched our capabilities evolve in the Middle East and our effectiveness because we are a joint force. That is where they have wanted to go, but as many of the people here who were present at the creation of Goldwater-Nichols know, there is a heck of a lot of inertia to overcome culturally. That is what is taking place in China today.

Xi Jinping will drive that through. We are beginning to see organizational changes. We are beginning to see more of an emphasis on the navy and the air force and the missile forces, less on the army because they perceive their challenges and their threats to not be on their land borders but really the maritime space. That is what he is going to drive. You can see the change in the people. You can see the sophistication, their ability to engage, their comfort, and their pride in operating internationally in ways that did not even happen 5 or 6 years ago.

Senator SHAHEEN. Thank you.

You have all talked about the importance of TPP, and I think many of us here would agree that that is very important. One of the concerns that we have heard from the Senate before that I expect to be expressed again is relative to currency manipulation. I think that will be raised again as part of TPP with some success or not. It is not clear yet. But what will be China's reaction to our efforts to address that as part of any agreement? Graham?

Dr. ALLISON. I would say currency manipulation, unfortunately, particularly after quantitative easing, is in the eye of the beholder. Is the EU [European Union] involved in currency manipulation? They announced that they were going to have an expansion of money, and the euro has fallen sharply compared to the dollar. So I think this has become an extremely difficult and tricky issue.

The main reason why I think TPP is good for us—there are two reasons. First, I think it is good for our economy. In the testimony I submitted, one of the points at the end was what happens inside a country is much more important or at least as important as what happens outside the country. So if you ask yourself, as I do, about the 21st century just in the last 15 years, which has had the bigger impact on the Chinese-American relationship. What China has done to build itself up or what Americans have done to tear ourselves down? I think we could think about that for a long time.

TPP is one way to improve the performance of a lousy economy. Our economy has not grown more than 2 percent on average for the whole 21st century. If we stick at two percent for a long time, the rest of the story is not going to be very interesting if China grows at three times the rate. So this is about our economic wellbeing. That is first.

Second, as Kurt said rightly, in the region it is our effort against China to create and construct a rule-based trading system at a higher level that China would not become part of. China understands this very well. So this is a struggle, and if they win, this is going to be a big black mark for us.

Senator SHAHEEN. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Sullivan?

Senator SULLIVAN. Thank you, Mr. Chairman.

Thank you, gentlemen, for your testimony. As the chairman mentioned, I did just get back from a trip to the region. I was in Hawaii, Guam, Okinawa, Tokyo, and of course, Alaska, which we consider part of the Asia-Pacific. I have also spent a fair amount of time in the region as an assistant Secretary of State working on economic issues and as a marine deployed out there.

I first want to commend the committee, Chairman McCain, Senator Reed. One of my first takeaways from this trip, was with regard to the redeployment of forces, which is just the absolutely critical role that committee members on both sides of the aisle have played with regard to the oversight of the costs and the timelines. I think that this committee has brought some strong sense of reality to some earlier plans that needed a gut check. So we are going to continue to do that.

But, Dr. Green, I wanted to just ask you, given the amount of time you have spent on this, are you confident that the realignment of military forces from Okinawa to Guam can be executed at the current costs under current political assumptions? I think that, again, as the chairman was focused on previously, previous costs and assumptions were, I think, way off the chart. What is your sense on that? It certainly seems like the Japanese are very motivated. One of my concerns continuing is the timeline, the move of forces anywhere, literally decades.

Dr. GREEN. The whole plan, including a brigade in Hawaii and the whole plan—I would not bet that it can come in under cost because no one knows yet what the whole plan will actually cost.

I think the plan for redeploying the marines, which has roots in the Clinton, Bush, and Obama administrations—it has been a bipartisan struggle and effort—has merit at the strategic level and political level in the region because we need to take the burden off of Okinawa. We need to engage more, as some of us were saying, in Southeast Asia. We need to be present. We need to have access to more runways, to more facilities because the core ones are under risk of ballistic missile threats. So strategically there is enormous merit.

Operationally there is also merit because in Southeast Asia you are going to have better opportunities for the marines to engage. The marines will have a force that integrates some of our most important partners, the Koreans, the Australians, the Japanese, the



New Zealanders. They are all creating Marine Corps. There will never be another Marine Corps, of course, Colonel. But they are creating virtual marine corps. They want amphibious capabilities and they are training with us in Northern Marianas and Japan and now we are going to be doing it in Australia. That is huge in terms of interoperability with our allies and partners.

Operationally the down-side risk is lift.

Senator SULLIVAN. Can I mention that? That was the next question I wanted to get at, and whether you or Admiral Roughead—you want to take that on? One of the things that I certainly saw on this trip was as you are looking at redeploying forces to Hawaii, to Guam, to Australia, you have this opportunity of spreading them out, but also the issue of strategic lift certainly was something that jumped out to me with regard to—particularly if there is a contingency. You know, Australia is a pretty darned faraway place. Do you think we have the lift capabilities right now, Admiral Roughead, whether it is strategic lift of the Air Force or additional ARG's [amphibious ready groups] in the Navy?

Admiral ROUGHEAD. No, sir, I do not. I think that if we are going to redistribute the Marines in the Pacific—and I think it is hugely important—they have to have a way to move around, and to simply say that we will take one of our existing ARG's and focus it in Southeast Asia, which is where I think it is needed the most, will ring hollow.

At the end of the day, given the amount of money and time that we will spend on the infrastructure to base those forces, I believe that a better approach is to add an additional ARG, amphibious ready group, and dedicate it to Southeast Asia and the Indian Ocean. This would also allow marines or other service units even to deploy from the continental United States and float there. I think that is what is needed. I think it will reinforce our presence strongly and moreover, it will integrate very well with the capabilities that we see some of our allies building in the region. It is expensive, to be sure. But I do believe that it will be a heck of a lot less expensive than some of the infrastructure that we are talking about.

Dr. GREEN. I would agree with that and very briefly add we should be working on a regional lift capability. The ARG gives you maneuver from the sea, but high-speed vessels, Australian, Japanese, United States—we ought to have a regional capability for moving our amphibious forces and all our forces in peacetime and for maneuvers and exercises.

Senator SULLIVAN. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAIN. Do you think we are finally on track, Dr. Green, Dr. Campbell, Admiral?

Dr. GREEN. Well, as Deng Xiaoping liked to say, you cross the river by feeling one pebble at a time.

I am sure the Senator heard this in Japan, but momentum on this matters. This committee has done the right thing keeping momentum going. My bias would be to approve MILCON [military construction] and other things that we know we will need, and the milcon now on the table I think fits that category. Further down the road, there will be legitimate questions about whether some of

the investments are things we are really going to need, given what the size of the Marine Corps might be, what the threat environment might be.

So a very robust, iterative approach between the Department of Defense and this committee I think is critical because the plan we are on now I do not think in a linear way we are going to implement in 20 years. It is going to eddy and turn and adjust, and the Congress and the administration have got to be partners in that and honest about costs.

Chairman MCCAIN. It has had quite a few twists and turns and curves.

Dr. Campbell, did you want to—

Dr. CAMPBELL. All I would just say, Senator—I first started working on Okinawa on this particular base 20 years ago, and if you told me—

Chairman MCCAIN. I remember.

Dr. CAMPBELL.—this issue has not resolved really fundamentally, I would have been surprised.

Senator SULLIVAN. I was stationed there 20 years ago.

Dr. CAMPBELL. So you know what that was like then, Senator.

So all I would say, generally speaking, I think the oversight and the focus that this committee has had propelled the Defense Department to do the right things here, and I think we have a plan that, if it continues, will disperse our forces. I like very much what Admiral Roughead has laid out. We are going to need more capabilities. It is just undeniable if we are going to be effective in Asia. We have been using the term “rebalance.” We are very well positioned in Northeast Asia. We are not as well positioned in Southeast Asia and into the Indian Ocean, and that is where we need our focus going forward.

Chairman MCCAIN. Senator Hirono?

Senator HIRONO. Thank you very much, Mr. Chairman.

All of you have talked about how important TPP is, and as China watches our efforts and getting agreements with 11 other countries, what are they doing in terms of any trade agreements that they are pursuing in this area of the world? Anyone?

Dr. GREEN. The Chinese preference was bilateral free trade agreements within Asia, which gives the larger power, in this case China, advantage, or the regional conference of economic partnership, a trade agreement of 18 countries in the region that we are not in.

At CSIS, we did surveys of elites in all the APEC [Asia-Pacific Economic Cooperation] countries, and what was interesting was the Chinese elites said in the survey late last year that they thought that TPP was now the most significant of these groupings. So it was interesting that Xi Jinping, when he hosted APEC last November, made in addition to the Asian Infrastructure Investment Bank, which is part of their pushback and counterproposal, he also said that the APEC countries should move to a free trade area of the Asia-Pacific. In other words, put China in this process, leapfrog to something broader.

What that tells you is the Chinese think TPP has real momentum, and Chinese economic reformers point to it. It will be a long time before China is ready to be in something like TPP, but I think

the Chinese leaders see momentum behind it. That is why it will be such a squandered opportunity if we let it fall apart in the next year.

Senator HIRONO. Dr. Campbell?

Dr. CAMPBELL. This is one of the things that is going to be hard for us. This is why the challenge is so dramatic. We do not have very much in our history of foreign policy that really prepares us for China. We had a lot of black and white challenges like the former Soviet Union. But the challenge of China is they are going to both compete with us relentlessly and they are also going to cooperate with us.

So the irony that we are going to face—I completely agree with what Dr. Green has laid out about TPP. It is entirely possible that if this is concluded, in the next round the Chinese are going to want to talk about the possibility of participating because the interesting thing, if you look at the last 30 years of Chinese economic performance, every major jump in their economy has been associated with either joining an international agreement, GATT [General Agreement on Tariffs and Trade], MFN [most-favored nation], and the like, and they realize that if TPP is effective in bolting and bolstering Japan, it could do the same thing for the challenges that they face in terms of state-owned enterprises. So their strategy will be both to create new institutions to compete with ours and to also join some of the institutions that we lead. That is the mixture of the Chinese strategy.

Dr. ALLISON. Let me disagree slightly with my good friend Kurt because I think to your question, what are the Chinese doing to the particular countries in question. Again, to go back to Lee Kuan Yew, we asked him the question, how does China behave when it is relatively stronger than a neighbor? Their neighbors are exactly the people who we are trying to sign up for TPP. Here his quote. He says we already see this in Singapore. Quote. They expect Singaporeans to be more respectful of China as it grows more powerful and influential. They tell all countries, big or small, we are not a hegemon. But when we do something they do not like, they say you have made 1.3 billion people unhappy. Know your place.

Senator HIRONO. I would say the countries we are dealing with in TPP—they would be much better off in the kind of system that we are promoting as opposed to dealing with a huge, powerful entity like China.

It appears that what China does is they look for opportunities where there is a vacuum, economic power vacuum, military vacuum, and they move in.

Some of you have said that it is really important for us to maintain our alliances, particularly our alliances in these areas, that we should not be taking any of these countries for granted.

Mr. Campbell, I think you mentioned that we should strengthen our relationships, our efforts with the Philippines. Can you be more specific as to exactly what we ought to be doing with the Philippines?

Dr. CAMPBELL. Everything. One of the most important things. When Asian leaders come to the United States, we need to give them more face. We need to give them more time. We need to give them opportunities to speak. I cannot underscore how important

that is at the basic level. I would like to see Philippines-U.S. trade grow substantially. I would like to work on particular—the Philippines has some specific challenges, but there are some initiatives that would allow for greater interaction between the two. I would like us to have much more mil-to-mil engagement going forward. I think Mike laid out very clearly—you know, we give them very little in the way of support. What we do provide for them is older military equipment that has been retired from our service.

I think we have a long, powerful tradition with them. I would like to see that embraced much more significantly. I just think across the board I would like to see the U.S.-Philippine relationship grow much, much stronger. They have been through a difficult period, but I think there is a recognition in both countries that we can do much more together, investment, huge—I mean, if you look at the great success stories of Asia the last 5 years, the Philippines is at the top of that list. Remarkable achievements. The current president has gone against corruption. The Philippines is growing 5 to 7 percent. I am very bullish. I would like to see much more focus on that going forward.

Senator HIRONO. Mr. Chairman, if you do not mind. Would the rest of you agree that we need to provide a lot more of that kind of focused attention, face time, acknowledgement of the importance of those alliances, paying more than basically lip service, as we are consumed by what is going on in the Middle East and other parts of the world?

Admiral ROUGHEAD. Yes, ma'am. I would like to just add to the Philippines. I think it is also important that we work with the Philippine military on some of the basic reforms and fundamental reforms there.

Also, to go back to what Dr. Campbell said about Thailand, they have veered off course. I think it is important that we retain particularly the military relationship and the alliance that we enjoy. They need to come back on course. But I also believe on the economic side there are steps that they need to do to get their economy going.

But the Southeast Asian allies and likeminded partners are going to be key going into the future.

Senator HIRONO. Thank you.

Thank you, Mr. Chairman.

Dr. GREEN. Just briefly to give you an idea of what the Philippines have gone through recently. In the contest with China over atolls like the Scarborough Shoals, the Chinese embargoed, cut off imports of food from the Philippines, a complete violation of WTO [the World Trade Organization], a pure mercantile act. It is bribery and espionage in the Philippines to undermine the political system. They sent in ships to essentially push the Philippines out of Scarborough Shoals where Philippine fishermen fished for hundreds of years and cannot go anywhere near it anymore. They have been through a lot because of China's growing pains. This is an interest of ours. They are an ally. In other words, as Kurt said, we should be doing everything.

Senator HIRONO. Thank you.

Dr. ALLISON. I disagree. I would ask what the Philippines has done for us, but that would be a long conversation.

Senator HIRONO. Thank you, Mr. Chairman.

Chairman MCCAIN. Senator Kaine?

Senator KAINE. Thank you, Mr. Chairman.

To the witnesses, I have gone to school off my colleagues' questions, and I just would like you to address one item that has not been addressed yet although, Admiral Roughead, you pointed the way to it when you used the phrase "Indo-Pacific." As part of a broader Asia strategy, longer-term Asia strategy, talk about the U.S.-India relationship and how that fits in. The new Government of India and Prime Minister Modi is sort of breaking away from a traditional, non-aligned position. I think there are more opportunities for U.S.-Indian military cooperation. We are already seeing that. More opportunities for opening up the Indian economy. We are so tied culturally. We are so tied by small "D" democratic traditions. How does the U.S.-India relationship going forward fit into a broader Asia strategy? I would like each of you to address that. That is my only question.

Admiral ROUGHEAD. I will start on this end. From the military-to-military dimension, I think that we should aggressively pursue that. I think there are opportunities for more technical transfer. I also believe that we should engage in a more robust personnel—I will not call it an exchange program because that tends to imbalance it, but I think we need to look at how can we better bring our militaries together because there are natural alignments. There is still some tension, I think, in India and we cannot become upset if they pursue some programs with the French or you pick it. But we really need to have an open mind with India. They are going to be the key player in the Indian Ocean, and the closer we are to them, the better it will be.

Dr. GREEN. I think the Indian-U.S. security relationship is going to be a growth area for the coming decade. There are going to be limitations. The Indian army still has to worry about internal insurgencies, still has to worry about Pakistan. But under Prime Minister Modi, India's navy and its air force and India's ministry of external affairs is much more willing to play in the great power game not only of the Indian Ocean, but also Southeast Asia and the South China Sea. They are developing partnerships with Japan, for example, or with Australia that are very much on a pace with what they are doing with us.

Dr. CAMPBELL. Senator, thanks for the question.

When I was in Government, I had a very extensive set of dialogues around Asia with my Indian colleagues, you know, sometimes a challenging dialogue, as you know, with Indian friends. Sometimes when they got really angry about something, I would sit them down. I said, look, I am going to put the knife in and it is going to really hurt. He would sort of get ready, and I would say the United States and India are destined to be close friends over time. That is a bitter blow to their nationalism, to their sense of identity, but in truth, there is a new generation in India that really understands that they need and want a better relationship with the United States.

I believe fundamentally—what the Admiral and Dr. Green have said—not only is defense a growth area, every aspect of economic performance, infrastructure issues, matters relating to innovation,

India will be at the forefront. Their natural partners in this are the United States. So I am very bullish. It is going to be challenging. It is going to be a difficult challenge. But we are going to be much closer together in 10 years than we are today.

Dr. ALLISON. I think I have come today to be the skunk at all of this discussion. But I would say India is the country of the future and is likely always to be so. We asked Lee Kuan Yew about whether since India is a democracy and is going to have a larger population than China, it would become a rival of China in the economic competition in Asia. Again, there is a chapter here called "The Future of India", and he says do not use India and China in the same breath. Then he goes on from there.

My colleague in doing this is Bob Blackwell who was the ambassador in the Bush administration who managed a good part of the realignment.

I think India will need the U.S. greatly because it feels very threatened by China, as will all the other parties. But I would say we are Americans first, and we should ask first what are they doing for us. So that is a little bit of a different view.

Chairman MCCAIN. I suggest you meet Mr. Modi. I think you are going to see a big change in India, for the first time a very strong leader.

Senator Blumenthal?

Senator BLUMENTHAL. Thanks, Mr. Chairman, and thank you for having this hearing, and to our witnesses for your very insightful and helpful testimonies so far.

Admiral Roughead, I want to follow up on one of the points in your testimony about submarines in the Pacific, your advice that we—and I am quoting—increase the size of our submarine force to meet the increasing need in the Pacific and the Indian Ocean.

As you well know, we are increasing the number of submarines. We are building two a year. At the same time, as you also know—and I am not giving any classified information to you because there was a report in the Sunday Times about the three new Chinese submarines and their missile capability. To what extent do you think we are adequately addressing that threat? Because I view submarine undersea warfare as really at the crux, at the core of our defense capability in that area.

Admiral ROUGHEAD. Yes, sir. I would say that our undersea warfare capability now is unchallenged. But as submarines proliferate in the Indo-Pacific region—and they are. China just agreed to sell Pakistan eight submarines, for example—the fielding of a sea-based strategic nuclear deterrent by India and China, submarines are going to become, I believe, the significant force in the Indo-Pacific region. The best way to go after a submarine is with another submarine. The geographic expanse, the time, and the distance that will be involved in moving our submarines around to me argues for a larger submarine force. As challenging as that will be, we need to move in that direction.

Senator BLUMENTHAL. Thank you.

I would like to ask a broader question of all the panelists beginning with Dr. Allison. To somewhat oversimplify, the pattern in Europe, in NATO has been that our commitment of increasing resources to the defense there has been accompanied by, maybe even

caused, a reduction in the commitments of our allies there. In effect, we have taken over a lot of the burden. How do we avoid the same happening in the Pacific area among our allies?

Dr. ALLISON. It is a great question.

If I could do just one footnote on the previous question, I would say subsurface unmanned is also a big domain and going to be bigger and bigger. It is big for China. It could be big for us.

But with respect to your fundamental question, it is a very fundamental question. I think we should recognize that in terms of NATO today, basically we provide the defense for Europeans who are as wealthy as we are. One could ask, well, how much sense does this make? The answer is, well, it is complicated. We tell them if you do not do 2 percent—I mean, I gave speeches about they should do 2 percent when I was working for Secretary Weinberger in the Reagan administration. They never do 2 percent, and they are not going to do 2 percent because as long as uncle will defend me, why do I need to defend myself? I think that is a fundamental dilemma.

I think in the case of Asia, as China is bigger and stronger, all of the parties will feel more threatened. Americans, particularly Americans in the diplomacy world, think, oh, my God. All these people love us because whenever we come, they say come, come, help, help, give us, give us. Surprise. Excuse me. You show up anywhere. If you come, give, support, secure, provide, everybody says that sounds like a very good idea.

So I think a challenge for us will be to figure out which of the countries we have interest in, and we have to have a hierarchy of those interests. I do not think they are all vital to us. I do not think every rock and every shoal is vital to the U.S. Then we need to think for those that are our allies, our treaty allies to whom we give defense commitments like Japan, we figure out in detail what it is that is required from them and what is required from us, and we try to make some of this more conditional. But that becomes a longer subject.

Senator BLUMENTHAL. Thank you. I would welcome any other remarks.

Dr. CAMPBELL. Just a slight difference from Dr. Allison. Defense spending in Asia is up dramatically across the board—dramatically—in the last 5 years. This year it is now the dominant arena for spending, and that spending is topped by China, followed by South Korea, Japan, Singapore, other countries moving up rapidly, Australia, Indonesia coming up, Malaysia. That is going to continue going forward. That is largely because, as Graham indicated, the security environment has become more complicated. Frankly, I think they have more questions about the United States than they have had in the past.

The interesting question is why did this take so long. For decades, defense spending was actually substantially lower in Asia than what many might have anticipated, but now it is off to the races. The real issue is going to be can this be accomplished in a manner that does not trigger a lot of issues as forces rub up against one another out in unclaimed or disputed territories.

Dr. GREEN. The other factor that is important here, in addition to how much allies spend, is how much we integrate, are joint, and

are interoperable. So when Prime Minister Abe comes in 2 weeks, he has agreed to change Japan's interpretation of the constitution allow Japanese forces to be integrated in our use of force, to provide logistical support, anti-submarine capabilities, missile defense. A big step. It is not a huge increase in the defense budget, a small increase, but it makes available to us a lot of assets. So we ought to think about quantity but also the quality and the kind of opportunities.

On rocks and shoals, we should not fight for every rock and shoal. But we should bear in mind that China's strategy is to kill the chicken to scare the monkey. Send 100-plus ships after Vietnam with whom we have no security relationship. What do we do? Overwhelm the Philippines with whom we have a security treaty but an ambiguous defense commitment. What do we do? Work your way up so that ultimately it is the big prize, Japan, Guam, the first island chain. We should not draw a red line and fight over every rock and shoal, but we have a big stake in shoring up the resilience of these countries so that this killing the chicken strategy does not end up with us in a really disadvantageous position.

Chairman MCCAIN. Senator King?

Senator KING. Thank you, Mr. Chairman.

First, I would like to commend Dr. Allison's book about Lee Kuan Yew to the committee. I would urge the chair to make it required reading. It is one of the most interesting and insightful books. It might even sell a few books for Dr. Allison.

Chairman MCCAIN. All of my edicts are carefully adhered to.

[Laughter.]

Senator KING. They certainly are in this corner, Mr. Chairman.

I want to be the skunk for a minute about the TPP. Dr. Allison, I thought the statement on the last page of your testimony, the contrast between China's agility in addressing its daunting internal agenda and America's new normal dysfunctionality—boy, what a powerful sentence that is. The point you make, though, is we are growing at 2 percent. They are growing at 6 to 8 percent.

I come at the TPP from a slightly—you guys are all coming from it from a kind of international point of view, what will it do to strengthen these countries in Asia. My question is, what does it do for us, and will it strengthen the U.S. economy or will it strengthen companies which are based in the United States but have a lot of their operations abroad? I come from a State that has seen their manufacturing base essentially disappear except in a couple of areas that are resource-based.

I mean, the question to Dr. Allison is, does the TPP strengthen the U.S. economy? Because I think that is a really relevant question because what you are talking about is there is a coming imbalance between the Chinese economy and the U.S. economy. Can you give me some thoughts on that?

Dr. ALLISON. Again, I am not an economist, but I examine this and cross-examine it with my colleagues at Harvard regularly. If the case cannot be made that TPP strengthens the American domestic economy, then I would vote against it myself. This should be about helping us grow the American economy. If we remain stuck in the so-called "new normal" of 2 percent for a long time, this country is not going to be this country, for sure. China will not



be the worst of the problems. The worst of the problems will be what we are here at home. So we need to find ways to grow our economy.

As I best understand it, what TPP does is essentially bring other parties, more or less, into compliance with rules that we are already complying with. So in that sense, it advantages us relative to the other parties.

But I would say for the committee or for Senators, I would ask Mike Froman to give me chapter and verse decisively that this is strengthening the American economy. If he cannot do that, I would vote against it.

Dr. GREEN. My uncle owns a small manufacturing company in West Virginia, about 100 employees. So what does TPP do for him? I do not know about Maine.

But first, it is going to create billions of dollars in growth in the Pacific Rim, and that is exports.

Second, it is going to open up markets, big markets, that have been closed in key sectors like Japan on agriculture and some areas.

Third, it is going to give more purchase for American negotiators to deal with what my uncle worries about the most, intellectual property rights violations by China. We are in a bilateral investment treaty negotiation with the Chinese. I have been involved in Government in the intellectual property rights negotiations. When we are leading and writing rules that most of the major economies in Asia are signing up to, we are going to have more purchase to try to deal with these issues with China. It is hard, I think, for constituents to draw this in a direct line, but in a macro sense, it opens up opportunities and gives us leverage on issues that really do challenge manufacturers in this country.

Senator KING. Well, as this debate unfolds, that is the question I am going to be asking certainly of Mike Froman and others because I think sometimes we are up here in the stratosphere of strategy and economic theory, and I want to be sure that the impacts in our country are going to be positive.

Let me change the question slightly. What does China want? Has China historically and do we think now they are looking for territory? I mean, they are building islands and those kinds of things. You mentioned Japan and Korea. Does China have any history that suggests they want to invade and incorporate Japan into China? I mean, is China an expansionist country in a military territorial sense as opposed to a commercial sense? I think those are two very different questions.

Dr. ALLISON. Again, I would refer you back to Lee Kuan Yew. I would say nobody was kind of willing to say as clearly as he was prepared to say what he says. China would like to be the dominant power in Asia.

Senator KING. But my question is what does that mean. Does that mean owning real estate?

Dr. ALLISON. Generally, they have not insisted on owning the real estate. They like relationships that are tributary relationships in which you kowtow given by relative power and my relative strength, and so your relationship with me is as a subordinate to a superior. If you behave appropriately, that is good enough.

Senator KING. But if that is the kind of relationship that they are seeking, that is not the kind of relationship that our military is going to be able to—this is not a military confrontation.

Dr. ALLISON. I agree it is not primarily a military confrontation. Basically if I am bigger and stronger than you economically and you need me as your trade market, which they are the principal trade market for every Asian country, and if I am willing and able to squeeze you, as they squeezed the Philippines, as they squeeze Britain—look at Cameron's behavior. I mean, it is absolutely astounding with respect to the infrastructure bank. They squeeze him and pretty soon he comes to behave. So I would say the economic leverage is the bigger piece of this. But in military terms, at the edge, for example, as we see in their taking more and more assertive roles in the South China Sea, they are looking again at a little bit of property. The Chinese have a story in which they say we have never been territorially expansive. But if you ask the prime minister of Vietnam when he comes—one of them once said to a friend of mine, look at the map of Vietnam, and ask yourself why does it look kind of like an 's'? He said that is exactly like the back of a human being on whom China has been sitting for 2,000 years.

Senator KING. Thank you very much for your testimony.

It seems to me, Mr. Chairman, this has been brilliant, and what we need to be thinking about is a broad strategy to deal with a very rapidly changing circumstance similar to the containment strategy but a different strategy. But we need an overarching way of thinking about this, it seems to me.

Thank you very much for your testimony.

Thank you, Mr. Chairman.

Chairman MCCAIN. I would like to thank the witnesses for a very informative session. I apologize for the fact that we are going to be subject to a briefing which has truncated the hearing. But I think it has been very valuable and very important for us to hear the perspective of very wise and experienced individuals.

Would you not agree, Dr. Allison, that the military is the component of Chinese strategy which then leads them to reduce other nations to a subordinate status? Without the military component, then obviously they are not able to achieve their goals.

Dr. ALLISON. Absolutely, and it is currently the area of our advantage. I would say as the committee thinks about it going forward, our traditional approach, which says we overwhelm—we are not too smart, but we overwhelm people with our resources, is not going to be a good strategy with respect to China. So we are going to have to think smart and asymmetric, and that is what the committee is actually pressing the Department which finds that difficult to do to do.

Chairman MCCAIN. Well, I thank the witnesses. Thank you.

[Whereupon, at 10:34 a.m., the subcommittee adjourned.]

[Questions for the record with answers supplied follow:]

#### QUESTIONS SUBMITTED BY SENATOR KELLY AYOTTE

##### SIZE OF SUBMARINE FORCE

1. Senator AYOTTE. Admiral Roughead, in your prepared statement, you write that the U.S. should "increase the size of our submarine force." Why do you believe the U.S. needs more submarines?

Admiral ROUGHEAD. Our attack submarines, particularly the VIRGINIA Class, are and will remain the most effective, versatile and stealthy sea control, anti-submarine and intelligence, surveillance and reconnaissance (ISR) platform in our military. Anti-access strategies and the proliferation of submarines globally, particularly in the Indo-Pacific region, will demand more of our submarine force in the coming years. Speed of response in a more connected world requires submarines to be persistently present in areas of interest. The distance to our strategic areas of interest, maintenance requirements and consideration of personnel tempo require approximately four submarines to have one on station.

2. Senator AYOTTE. Admiral Roughead, how many attack submarines do you believe the Navy needs?

Admiral ROUGHEAD. While fully mindful of the extraordinary pressures on our budget, for strategic and operational reasons I believe the Navy should maintain an attack submarine force of 72 submarines.

#### RUSSIA'S ROLE IN THE ASIA-PACIFIC

3. Senator AYOTTE. Dr. Allison, Mr. Campbell, Dr. Green, and Admiral Roughead, how would you describe Russia's role in the Asia-Pacific?

**Dr. Allison did not respond in time for printing. When received, answer will be retained in committee files.**

**Mr. Campbell did not respond in time for printing. When received, answer will be retained in committee files.**

**Dr. Green did not respond in time for printing. When received, answer will be retained in committee files.**

Admiral ROUGHEAD. Russia will attempt to continue to remain a consequential power in the Asia-Pacific region. It will be a supplier of energy and mineral resources to Asian markets primarily from its Arctic region. It will seek to be a supplier of capability to Asian militaries. Russia will be challenged by its Far East demographic, one dimension economy and having been compelled to accommodate and align itself with its strategic rival—China.

4. Senator AYOTTE. Dr. Allison, Mr. Campbell, Dr. Green, and Admiral Roughead, what are Russia's goals in the region, and how do they conflict with our own?

**Dr. Allison did not respond in time for printing. When received, answer will be retained in committee files.**

**Mr. Campbell did not respond in time for printing. When received, answer will be retained in committee files.**

**Dr. Green did not respond in time for printing. When received, answer will be retained in committee files.**

Admiral ROUGHEAD. Russia's energy relationship with China, its diminishing demographic and overall influence in the region will see Russia more beholden to China in the coming decades and routinely aligned with China on regional matters, especially those that seek to diminish the role of the U.S. in the region. Because of its energy and mineral resources in the Arctic and the importance of Arctic sea lanes to move those resources to Asian markets Russia will assert itself as the dominant Arctic nation. Unlike other Arctic nations, it will place more of an emphasis on military capability in that region. How consequential Russia's military capabilities will be in the Arctic has yet to play out. It is likely that Russia's strategic accommodation with China will also enhance China's access and activity in the Arctic.

#### CHINA'S LONG-TERM AMBITION

5. Senator AYOTTE. Dr. Allison, Mr. Campbell, Dr. Green, and Admiral Roughead, what do you assess to be China's long-term goals beyond the island chains in the South China Seas and the Asia-Pacific?

**Dr. Allison did not respond in time for printing. When received, answer will be retained in committee files.**

**Mr. Campbell did not respond in time for printing. When received, answer will be retained in committee files.**

**Dr. Green did not respond in time for printing. When received, answer will be retained in committee files.**

Admiral ROUGHEAD. China's ambition is to be the dominant power in the Asia-Pacific region, to weaken and eliminate the U.S.—Asia alliance structure and to not be denied the sea lanes that carry the energy and mineral resources necessary for economic growth. Beyond the region it seeks to be the consequential global nation.

6. Senator AYOTTE. Dr. Green, a recent Office of Naval Intelligence report said that within the next decade, China will have a navy that is capable of conducting worldwide operations. Do you believe China will seek to maintain a global naval presence similar to the United States and what does this mean for the U.S. and more broadly, the international system?

**Dr. Green did not respond in time for printing. When received, answer will be retained in committee files.**

#### ASIA REBALANCE

7. Senator AYOTTE. Dr. Allison, Mr. Campbell, Dr. Green, and Admiral Roughead, what are the strengths and weaknesses of the implementation of the Asia rebalance to date, and what should be our top priorities for furthering the rebalance in the next 2 years?

**Dr. Allison did not respond in time for printing. When received, answer will be retained in committee files.**

**Mr. Campbell did not respond in time for printing. When received, answer will be retained in committee files.**

**Dr. Green did not respond in time for printing. When received, answer will be retained in committee files.**

Admiral ROUGHEAD. The strengths of the Asia rebalance to date have been to identify the region as the strategic priority, to highlight the importance of the alliance structure in Asia and to reset economic and security initiatives there. The weaknesses to date are that the narrative is too focused on military capabilities thus diminishing the economic and diplomatic underpinnings necessary for a balanced strategy, budget uncertainties undermine the credibility of the strategy and there has not been an effort to engage in a public discourse on the long term strategic importance of the rebalance and our Asian interests.

Top priorities should be to emphasize the economic and diplomatic aspects of rebalance with the highest priority being finalizing the TPP, enhancing Asian alliances through increased diplomatic engagement and more robust security cooperation to include expanded technical transfer and personnel interaction.

#### QUESTIONS SUBMITTED BY SENATOR ROGER WICKER

##### AMPHIBIOUS SHIPS

8. Senator WICKER. Admiral Roughead, I was interested to read your recommendation in your prepared statement that the U.S. should "Procure an additional Amphibious Ready Group to routinely float the Marines distributed in the Pacific." Can you describe how amphibious ship resource shortfalls will impact America's ability to decisively project force in the Pacific and react to contingencies such as North Korea?

Admiral ROUGHEAD. Shortfalls in regional amphibious shipping will deprive the Marines distributed in the region the flexibility and agility that must be inherent in a ready, capable and credible force. The vast distances in the Pacific that separate our northern and southern allies, areas of strategic interest and possible contingencies demand more than one amphibious group be predictably present in the region. One group can be in one place at one time and if employed in Southeast Asia it is not available for a Korean contingency and vice versa. Access and the availability of adequate airlift and basing in simultaneous contingencies will likely be problematic. An additional group can mitigate those very real operational challenges. Predictable presence, routine interaction with allies and like-minded partners, some of whom are developing expeditionary capabilities and forces, will be greatly enhanced by an additional group that is focused on operating in Southeast Asia and the Indian Ocean region. The offshore option of an Amphibious Ready Group also mitigates the sensitivity with regard to foreign forces ashore.